Daily Report

Latin America

FBIS-LAT-95-148
Wednesday
2 August 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
Latin America

FBIS-LAT-95-148 *2 August 1995*

CONTENTS

INTER-AMERICAN AFFAIRS

Agenda for 4-5 Aug Mercosur Summit Noted *[GAZETA MERCANTIL 31 Jul]* 1
Brazil, Paraguay Sign Military Cooperation Agreement *[Brasilia Radio]* 1

CARIBBEAN

Cuba

Russian Priority: Cuban 'Political and Trade Relations' *[Havana TV]* 2
Chinese Military Attache Lauds Peoples' Friendship *[Havana Radio]* 2
Robaina Meets Panamanian President Perez, Minister Galindo *[Havana Radio]* 2
More on Meeting *[PRENSA LATINA]* 3
Robaina Meets Panama Health Minister, Chamber of Commerce *[Havana TV]* 3
Robaina Meets Colombian President on Expanding Relations *[Havana TV]* 3
Robaina Announces Broad Foreign Investment Law *[Havana Radio]* 4
Foreign Ministry Lauds EC's $19 Million Grant *[PRENSA LATINA]* 4
Minister Addresses Federation Meeting on Sugarcane Efforts *[Havana Radio]* 4
Nelson Torres Addresses CTC General Secretariat *[Havana Radio]* 4
Correction to Castro Interview 26 Jul 4

Haiti

CEP President: 'Nothing Can Stop' Electoral Process *[Port-au-Prince Radio]* 5
CEP Postpones Complementary Elections *[AFP]* 5
MKN Seeks National Conference To End Disagreement *[Port-au-Prince Radio]* 5

MEXICO

German Group Interested in Buying Petrochemical Sites *[Mexico City Radio]* 7
Australian Trade Mission Arrives To Boost Economic Ties *[Melbourne Radio]* 7
ANIERM President Comments on Foreign Trade Growth *[NOTIMEX]* 7
Social Security Institute Director on Workers' Contribution *[Mexico City Radio]* 8
Canacintra, Coparmex Presidents on Economic Situation *[Mexico City Radio]* 9
Construction Declines 40.7 Percent Nationwide in May *[Mexico City TV]* 9
Roundup of Mexican Economic Developments *[Mexico City Radio, etc.]* 9

CENTRAL AMERICA

Guatemala

De Leon Discusses Electricity, Illegals in U.S., Politics *[Guatemala City TV]* 11
Defense Minister Justifies CIA Activities *[NOTIMEX]* 11

Honduras

Judge States Report Supports Charge Against Reina *[EL PERIODICO DE HONDURAS 29 Jul]* 12
Military To Remain in Tacamiche Till Conflict is Resolved *[LA TRIBUNA 27 Jul]* 12
Soldiers Evict Peasants From Private Land *[LA TRIBUNA 27 Jul]* 13
Armed Forces Chief on Support to Accused Military Officers *[Tegucigalpa Radio]* 15

Panama

Robaina Points to Differences Between Cuba, United States *[Panama City TV]* 16
Robaina Urges Businessmen To Invest in Cuba *[LA PRENSA]* 16
Business Executive Association President on Economic Model *[LA ESTRELLA DE PANAMA 31 Jul]* 17
Banking Association President Says 'No Banking Secrecy' *[EL PANAMA AMERICA 26 Jul]* 17
Business Leader Warns of Investment Decline *[LA ESTRELLA DE PANAMA 28 Jul]* 17
CTRP Union Rejects Labor Code Reforms *[LA PRENSA 30 Jul]* 18

SOUTH AMERICA

Argentina

Menem Announces Plan To Create New Jobs *[TELAM]* 19
Lebanese Envoy Criticizes 'Unjust Treatment' of Suspects *[BUENOS AIRES HERALD 29 Jul]* 19
Agreement Reached With Brazil To Build Research Satellite *[TELAM]* 20
Public Revenues Secretary Carlos Tacchi Resigns *[NOTICIAS ARGENTINAS]* 20
Lockheed Lays Off 820 Workers; Incidents Occur *[TELAM]* 20
Editorial Analyzes Causes Behind Unrest in San Juan *[LA NACION 28 Jul]* 21

Brazil

U.S. Military Policy, Williamsburg Meeting Viewed *[O ESTADO DE SAO PAULO 31 Jul]* ... 21
Cardoso: Privatization Is Not Denationalization *[AGENCIA ESTADO]* 22
Cardoso:'Victim' of Economic Team 'Infighting' *[Brasilia Radio]* 23
'Fiscal War' Over Tax Exemption *[O ESTADO DE SAO PAULO 25 Jul]* 23
Patent Law 'Already in Force in Brazil' *[GAZETA MERCANTIL 28 Jul]* 23
Government Concern: Enriched Uranium Stocks *[GAZETA MERCANTIL 29 Jul]* 24

Chile

Government Rejects Amnesty Law Interpretation *[EL MERCURIO 26 Jul]* 25
Opposition Examines Human Rights Issue *[LA TERCERA DE LA HORA 12 Jul]* 25
Court Rejects Request for Contreras Injunction *[Santiago TV]* 25

Colombia

Samper Calls for Calm, Orders Silence on Charges *[NOTIMEX]* 26
Samper Asks Ministers to Refrain From Public Statements *[Santa Fe de Bogota TV]* 26
Chamber of Representatives Begins Investigating Samper *[Santa Fe de Bogota TV]* 27
Conservative Party Demands Resignation of Ministers *[Santa Fe de Bogota TV]* 27
Supreme Court Fails To Find Evidence Against Congressmen *[Madrid EFE]* 28

Ecuador

Deputy Minister Notes Need for Confidence in Border Talks *[Quito Radio]* 28
Minister Leoro: Banderas Not in Demilitarized Zone *[Quito Radio]* 28
Minister on Need for Confidence-Building Measures *[HOY 31 Jul]* 29
Fujimori's 'Conciliatory Attitude' Praised *[HOY 31 Jul]* 29

Peru

Ecuadoran Troops 'Mobilized' on Peruvian Border *[LA REPUBLICA 25 Jul]* 30
Demilitarized Zone With Ecuador in Effect as of 1 Aug *[Madrid EFE]* 30
Fujimori Reiterates Demilitarized Zone Includes Banderas *[Lima TV]* 31
Withholding of U.S. Military Aid Criticized *[DESCO 20 Jul]* 32
Teachers', Construction Workers' Protests Noted *[DESCO 20 Jul]* 32
Canale: Exports Up 25 Percent First Quarter *[DESCO 20 Jul]* 32
Public Administration Agency Dissolved *[DESCO 20 Jul]* 33
Refinancing of Debt Discussed *[DESCO 20 Jul]* 33
Statistics Show 33 Percent of Youths in School *[DESCO 20 Jul]* 33
Fujimori Calls New Labor Law 'Bold' *[DESCO 20 Jul]* 34
Statistics Show Most Settlements Not Registered *[DESCO 20 Jul]* 34
Land Reform Bill Discussed *[DESCO 20 Jul]* 34

Uruguay

Sanguinetti, Argentina's Menem View Mercosur Prospects *[TELAM]* 38

Venezuela

Paredes: Government Could Modify Economic Plan *[Caracas TV]* 38
Bank President Wants Improvement in Fixed Interest Rates *[Caracas TV]* 39
Attorney General on Role, Bank Crisis *[EL DIARIO DE CARACAS 25 Jun]* 39

Agenda for 4-5 Aug Mercosur Summit Noted

PY0108214995 Sao Paulo GAZETA MERCANTIL in Portuguese 31 Jul 95 p A3

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Brasilia — The Common Market Council, made up of the foreign and economy ministers of Mercosur [Common Market of the South], will meet in Asuncion on 4 August to discuss a delicate subject: a Paraguayan petition to expand its list of exceptions from the Common External Tariff (CET) by nearly 200 products in addition to the 399 products it already has a right to.

"Brazil is maintaining a cautious position. We must reinforce customs unity and promote interregional trade and productive activities within our group," said Ambassador Jose Botafogo Goncalves, integration and economic affairs under secretary at the Brazilian Foreign Ministry.

The concern is that Paraguay will include in its additional exceptions list — products on this list will have import tariffs below the CET — products that are sold in Ciudad del Este, such as electronic appliances, which clashes with our strategy of developing Brazilian industry. "We want Paraguay to become a producing country," the ambassador said.

The issue was raised for the first time during the special meeting of the Common Market Group that took place at the end of March in Asuncion. On that occasion the Common Market Group discussed a Brazilian petition to increase its list of exceptions by 150 products. After long negotiations Brazil obtained approval for the so-called "Dallari list," the objective of which is to maintain the stabilization program through a flexible system allowing Brazil to change the products on its exception list every three months. By coincidence, the Brazilian additional exceptions list will be altered for the first time since it was approved in April. The Brazilian Government will negotiate with its Mercosur partners the new composition of the Dallari list.

Paraguay believes it also has a right to ask for the extension of its exceptions list because, according to the Paraguayan representative to Mercosur, Ambassador Antonio Felix Lopez, the objective is similar to Brazil's: to reduce the import tariffs especially for inputs to allow Paraguayan products to become more competitive. The Paraguayan justification is that given that it does not have a great industry to protect, Paraguay has made a sacrifice by joining Mercosur because it had to raise its import tariffs to adapt them to the CET. The authorization obtained by Brazil to extend its list of exceptions until March 1996 was exclusively to "reinforce the continuity of the success of the Real Plan, which was considered to be of common good for Mercosur," said Renato Marques, chief of the Brazilian Foreign Ministry Integration Department. "It is not a Mercosur list for Brazil," he said. The positions of Argentina and Uruguay with respect to the Paraguayan petition are also those of cautiousness.

The Mercosur presidential summit that will take place on 4 and 5 August will be preceded by a ministerial meeting and by a meeting of the Common Market Group, which will take place on 2 August. The national coordinators of Mercosur will discuss a complex agenda mainly centered on the foreign relations of the group. The representatives of Argentina, Brazil, Paraguay, and Uruguay will analyze the results of the ministerial meeting that took place in Denver, in the United States, during which the strategy of forming a Free Trade Area of the Americas (FTAA) was discussed. They will likewise discuss the EU proposal to negotiate a framework agreement of trade and economic cooperation with Mercosur.

The four Mercosur partners have also begun to make contacts with other countries like Australia and New Zealand. Beside these subjects, Mercosur will have to evaluate the tariff negotiations with their seven partners in the Latin American Integration Association (ALADI) — Bolivia, Chile, Colombia, Ecuador, Mexico, Peru, and Venezuela.

The Mercosur representatives will decide in Asuncion the date for their presentation before the World Trade Organization (WTO). Last week the North American Free Trade Agreement (NAFTA) was approved by the WTO, which analyzes the compatibility between integration systems and free trade commitments.

Brazil, Paraguay Sign Military Cooperation Agreement

PY0108160295 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 1 Aug 95

[FBIS Translated Text] Brazil and Paraguay signed a military cooperation agreement. The new agreement replaces the Brazilian military instructional mission that resided in Paraguay for 52 years, which was closed down last year. The cooperation addresses technical issues, and it outlines the need for the presence of Brazilian Army officers in Asuncion.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Rodriguez] Right now, Robaina is participating in a colloquy in Panama's Chamber of Commerce where he is stressing Cuba's opening to foreign capital and possibilities for investment in Cuba.

Tomorrow, Robaina will hold a meeting with Panamanian Health Minister Aida de Rivera before departing for Guyana for a work visit.

More on Meeting

PA0108150095 Havana PRENSA LATINA in Spanish 0021 GMT 1 Aug 95

[By Enrique Torres]

[FBIS Translated Text] Panama City, 31 Jul (PL) — Panamanian President Ernesto Perez Balladares met here today with Cuban Foreign Minister Roberto Robaina during the second day of the Cuban diplomat's official three-day visit to Panama.

In statements to PRENSA LATINA, Robaina said that the dialogue was held in an atmosphere of mutual understanding, and he seemed satisfied with the interest displayed by the president concerning the current Cuban situation and the actual possibilities of surpassing the special period Cuba is undergoing.

According to the foreign minister, a good level of communications has been attained that allows Cubans to learn more about Panama and vice versa, which is an important step in the strategy of his country's foreign policy not only toward Panama but toward all of Latin America.

During the meeting, Robaina transmitted greetings from Cuban President Fidel Castro to President Perez Balladares. The Panamanian president reciprocated and insisted his message reach Castro.

The chief of Cuban diplomacy also held here a meeting with his counterpart, Gabriel Lewis Galindo, in which they discussed topics of bilateral interest and exchanged opinions on the upcoming regional meetings, such as the Nonaligned Movement and the Ibero-American Summits.

Meanwhile, Robaina met this morning with Commerce and Industry Minister Nitzia de Villarreal, to whom he gave a detailed explanation of the economic situation in his country as well as the actual possibilities and facilities there are for foreign investment in Cuba.

The minister appeared to be interested in the tourist potential that Cuba currently has, and considered some type of future cooperation in this field.

According to Robaina, relations between the two countries could be strengthened even more when economic ties become stronger, and this could be reached if we continue to open areas and discover the things that each one needs from the other.

Answering questions from the reporters covering the visit, the Cuban minister emphasized that he is not seeking Panama's mediation in the conflict between Cuba and the United States because "no one except the countries directly involved" should participate in that conflict.

Robaina Meets Panama Health Minister, Chamber of Commerce

FL0108193295 Havana Cuba Vision Network in Spanish 1630 GMT 1 Aug 95

[Report by Correspondent Rey Rodriguez; from the "NTV" newscast]

[FBIS Translated Text] The Panamanian minister of Health met with Foreign Minister Roberto Robaina today, the third and last day of Robaina's official visit to Panama. Issues relating to medical care and Cuban opportunities in that field were discussed. Robaina met earlier at the Chamber of Commerce with approximately 100 businessmen who displayed great interest in Cuba's opening to foreign capital and investment possibilities. Almost 40 Panamanian enterprises are currently operating in Cuba, and trade between the two nations totals approximately $150 million per year.

In an exclusive interview for this news station, Juan Jose Vallerino, president of the Panamanian Chamber of Commerce, said the businessmen are interested in [words indistinct] and the farming sector [words indistinct] and above all, exchange ideas on the development of tourism in Cuba, which has yielded great benefits.

Robaina met last night with Panamanian President Ernesto Perez Balladares, who thanked Robaina for his visit to Panama and said it represented an important step in bilateral relations. Robaina also met with his counterpart, Foreign Minister Gabriel Galindo, and with the ministers of government, justice, and commerce and industry. At this moment, Robaina is holding a news conference with the most important national and foreign news media before departing for a working visit to Guyana.

Robaina Meets Colombian President on Expanding Relations

FL0108145295 Havana Cuba Vision Network in Spanish 1630 GMT 29 Jul 95

[From the "NTV" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina met Colombian President Ernesto Samper in

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Lima, following Peruvian President Alberto Fujimori's inaugration, on the progress of bilateral relations and the upcoming Nonaligned Movement summit. Robaina and Samper described Cuban-Colombian relations as very good and expressed their willingness to expand bilateral ties. Robaina's separate meetings with Venezuelan President Rafael Caldera, Mexican Foreign Relations Secretary Jose Angel Gurria, Chilean Foreign Minister Jose Miguel Insulza, Uruguayan Foreign Minister Alvaro Ramos, Paraguayan Foreign Minister Luis Maria Ramirez, and Costa Rican Foreign Minister Fernando Naranjo all proved positive. Panamanian Foreign Ministry sources reported today that Foreign Minister Roberto Robaina will arrive in Panama on an official three-day visit on 30 July. Robaina will meet President Ernesto Perez Balladares and Panamanian officials and businessmen.

Robaina Announces Broad Foreign Investment Law

FL0108232395 Havana Radio Reloj Network in Spanish 1939 GMT 1 Aug 95

[FBIS Translated Text] Foreign Minister Roberto Robaina announced in Panama City that Cuba is drafting an investment law to to attract foreign capital. According to Robaina, Cuba will be more open to foreign investment from other Latin American states because the law will be broad enough to ensure that no one is excluded. Robaina, who is visiting Panama at the invitation of President Ernesto Perez Balladares, received a request for Cuba to formally join the Expocomer Industrial and Commercial Fair, in which Cuba participated this year for the first time. During Robaina's visit, sources have stated that Havana enterprises will also be able to exhibit products in the 1996 Health and Expo-Medical Fair.

Foreign Ministry Lauds EC's $19 Million Grant

PA0108133295 Havana PRENSA LATINA in Spanish 0000 GMT 1 Aug 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The Cuban Foreign Ministry has emphasized that the humanitarian aid of over $19 million granted to the island by the European Commission demonstrates the decision of those countries to develop an independent policy, in spite of international pressure.

Rafael Dausa, spokesperson for the Foreign Ministry, stated in Havana that the humanitarian aid by the European Union has been increasing since 1993. This, he said, is because the nations of that community have confirmed the Cuban Government's good administration and handling of the donations. He said the U.S. Congress should view this as an example of international reaction to attempts to tighten the blockade against Cuba.

Minister Addresses Federation Meeting on Sugarcane Efforts

FL0108132895 Havana Radio Rebelde Network in Spanish 0900 GMT 1 Aug 95

[From the "Doing Radio" program]

[FBIS Translated Text] It was reported during a meeting in Havana of the Cuban Workers Federation's [CTC] national secretariat on the progress of housing construction projects in agricultural regions that some 7,900 homes for agricultural workers not involved in sugarcane production had been completed by July, almost double the number of homes built in 1994. Cesar Hernandez, head of the Agriculture Ministry's housing construction section, added that 12,400 buildings had been repaired.

Sugar Industry Minister Nelson Torres provided participants in the CTC meeting with an overview of the sugarcane situation and highlighted progress made on reviving over 16,000 caballerias of sugarcane fields. Sancti Spiritus sugarcane workers planted over 270 caballerias — 69 percent of their goal — in July.

Nelson Torres Addresses CTC General Secretariat

FL0108232295 Havana Radio Reloj Network in Spanish 1948 GMT 1 Aug 95

[FBIS Translated Text] During a special address before the General Secretariat of the Cuban Workers Federation [CTC] in Havana, Sugar Minister Nelson Torres stated that more resources will be available during the next harvest to conduct industrial repairs. Torres answered questions from labor leaders regarding the status of the sugar industry and its capacity to process the 1996 sugarcane harvest. Torres described the quality of the repairs, the proper preservation of the equipment, and the dismantling of the industry as ways to save resources and get the mills in shape to handle the next harvest. The CTC Secretariat and the leadership of the Sugar Industry Ministry believe that August is a particularly significant month to conduct repairs in the mills.

Correction to Castro Interview 26 Jul

FL2907153395

The following correction pertains to the item headlined "Castro Interviewed After 26 July Ceremony," published in the 28 July 1995 Latin America DAILY REPORT, page 9:

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Make subslug read: ...attack in Guantanamo; from the "Doing Radio" program —recorded]... (supplying name of program)

Paragraph four, sentence nine make read: ...countries being lent billions of dollars are... (changing "tens of millions" to "billions")

Haiti

CEP President: 'Nothing Can Stop' Electoral Process

PA0108202395 Port-au-Prince Signal FM Radio in French 1030 GMT 1 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] Dr. Pierre Michel Sajous, the new president of the Provisional Electoral Council [CEP], announced on 31 July that the electoral process is going on and that nothing can stop it. The cancellation of the 25 June elections is not negotiable, and the admission of two new members to the CEP does not challenge the mandate of the electoral institution, which is to hold free, honest, and democratic elections, Mr. Sajous added.

Furthermore, he called on political officials to talk with officials of the electoral institution in order to settle the disputes existing between them. Journalists asked about the call for talks with political parties insistently, given the refusal — reiterated several times by the latter — to sit down with the electoral institution and participate in the next elections.

Mr. Sajous, nevertheless, wishes them to answer his invitation in a positive manner; however, he insisted the CEP is determined to continue the process. The CEP is not a political organism. It is rather an administrative institution in charge of holding, controlling, and publishing the results of the elections, Sajous said, labeling the 6 August date for the scheduled complementary elections in 41 communes of the country as hypothetical.

Asked if the nonparticipation of these political parties in the rest of the ballot does not constitute a threat to democracy, Mr. Sajous said it is necessary for the parties involved in the electoral process to assume their responsibilities as to the future of the country. In his opinion, only the Haitian people will determine which of the parties currently on the political arena favor or do not favor progress.

[Begin Sajous recording, in Creole] [words indistinct] It is optimism that has led me here, because if I was not optimistic I would not come here. This is obvious. I do believe that a certain number of things can be done in order to bring everybody to work together so we can move forward. This my objective, and I believe in it. I believe I can [words indistinct] threats. I do not believe the problem lies there. But on the other hand, each party involved in this question, in the country's future, is currently taking charge of its responsibilities. So, the Haitian people will determine who is responsible for the possible bad outcome of something going on here.

As for me, in the council, we prefer to let the Haitian people decide. If it is a question of canceling the elections that were held, the first ballot of the 24 ... [pauses] 25 June elections, the answer is no. [end recording]

[Announcer, in French] This was new CEP President Pierre Michel Sajous on 31 July within the scope of a meeting with the press.

CEP Postpones Complementary Elections

PA0208044595 Paris AFP in Spanish 0215 GMT 2 Aug 95

[FBIS Translated Text] Port-au-Prince, 1 Aug (AFP) — The Haitian Provisional Electoral Council [CEP] announced on Tuesday, 1 August, that the complementary elections initially scheduled for 6 August have been postponed until 13 August.

In a communique, the CEP explained that this decision was prompted by "internal changes in the CEP and efforts to encourage the participation of all political parties in the electoral process."

Last week, Haitian President Jean Bertrand Aristide appointed one of his followers, Pierre-Michel Sajous, a CEP member. On Friday, Sajous was elected CEP president.

Sajous replaces Anselme Remy, who resigned after politicians severely criticized and accused him of having sided with the government coalition "Lavalas," which won by a wide margin the first round of the legislative and local elections held on 25 June.

Most of the political parties have called for a boycott of the complementary elections and the second round of the legislative and local elections.

MKN Seeks National Conference To End Disagreement

PA0108234495 Port-au-Prince Signal FM Radio in French 1030 GMT 1 Aug 95

[FBIS Translated Excerpt] Several political leaders do not want to support the appointment of two new members to head of the electoral institution. Mr. Volvick

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Remy, leader of the National Cooperation Action Movement [MKN] sees the accession of Mr. Pierre Michel Sajous to the presidency of the Provisional Electoral Council [CEP] as arbitrary. On the other hand, Volvick Remy Joseph advocates a national conference in order to settle definitively the disagreement opposing the political parties to the CEP.

[Begin Remy recording] This means that we will protest, and we will keep protesting the irregularities noted in the elections and we will ask that corrections be made. At the same time, we think the departure of the CEP constitutes the first step toward that because...[pauses] Anyway, even the president of the Republic acknowledged that the irregularities committed during the latest elections are blameworthy. Starting from that moment, I believe, even in the Roman Law [words indistinct], that needs a certain redress. [passage omitted] [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

German Group Interested in Buying Petrochemical Sites

PA3007190295 Mexico City Radio Red Network in Spanish 0000 GMT 28 Jul 95

[from "The Night Monitor" newscast]

[FBIS Translated Text] Pemex [Mexican Petroleum] General Director Adrian Lajous announced yesterday that in October it will start the bidding process for 61 plants at 10 petrochemical sites in the republic of Mexico. He has said this action will allow Pemex to obtain resources to be invested in strategic and priority areas.

Several international investors have already responded to this announcemen.. The German chemical industry group, Basf, is interested in purchasing several petrochemical plants to be privatized by Pemex. Spokesmen of the German industrial group, which is situated in the city of Ludwigshafen, have announced the firm is planning to discuss the possibility of purchasing several of the 61 Pemex petrochemical plants in coming weeks.

Bass spokesmen announced on 27 July they will make a detailed study of the Pemex sales proposal and decide whether the new options are sufficiently attractive enough to prompt them to take concrete measures to expand the firm's investments in Mexico. Officials at the Ludwigshafen Bass installations have said the decision will be based largely on an evaluation to be prepared by the group's commercial representation in Mexico. The firm's spokesman said: Our representation in Mexico knows the situation in the country very well and can accurately assess the plants being sold. Our assessment team will recommend whether it is advisable for the group to make a purchase.

Bass was one of the two German chemical industries that Mexican Commerce Secretary Herminio Blanco visited during his tour to Germany on 25 May. Furthermore, the Bass chemical industry group is the seventh largest industrial group in Germany. It has approximately 125,000 employees on its payroll and, according to official reports, has branches in a large number of countries.

Thus, one of the most important chemical industries in the world made the announcement on 27 July that it is interested in participating in the bidding process for the Pemex petrochemical plants.

Australian Trade Mission Arrives To Boost Economic Ties

BK3007121895 Melbourne Radio Australia in English 0500 GMT 30 Jul 95

[FBIS Transcribed Text] Australia's trade minister, Bob McMullan, has been visiting Mexico in an effort to boost economic ties between the two countries. Both [are] members of the Asia Pacific Economic Cooperation Grouping, APEC. (Leo Vezi) reports Senator McMuallan's visit come as Mexico struggles to recover from the severe financial crisis.

[Begin (Vezi) recording] The senator led a trade mission here seeking among other things, a better access for Australian beef and processed wool. Mexico economy has been battered this year by 40 percent currency fall and a damaging drought which may benefit Australia. Mexico is considering Sen. McMullan's request to ease sanitary restrictions so that live Australian cattle can be imported here to help restock drought-affected Mexican ranges. [end recording]

ANIERM President Comments on Foreign Trade Growth

PA2807232295 Mexico City NOTIMEX in Spanish 0055 GMT 28 Jul 95

[FBIS Translated Text] Merida, 27 Jul (NOTIMEX) — Mexico's foreign trade totaled nearly $145 billion in the first half of the year, of which $75 billion came from exports and $70 billion from imports, according to Juan Autrique Gomez.

The president of the National Association of Mexican Importers and Exporters (ANIERM) said in Merida, Yucatan (southeastern Mexico), exports increased 32 percent from the same period a year earlier, while imports dropped between 5 percent and 6 percent.

After the opening of the 56th Congress of the Confederation of Associations of Customs Agencies of the Mexican Republic (CAAAREM), Autrique noted that "clear efforts" to get the country to move toward a free trade system has prompted it to grow economically. Autrique also said progress in efficiency, production, and competition, as well as improved methods of operation and marketing, have served as an engine for the country to take a "significant step" forward in the area of foreign trade.

Autrique Gomez stated that Mexico's trade surplus the first half of the year was $3 billion, adding that its trade surplus with the United States was nearly $7 billion [figures as received].

He noted, however, it is urgent to promote in-depth reforms for fiscal legislation and to promote productive

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

investments. "I believe it is necessary to construct a development program for permanent investments to create incentives in this field, rather than to attract expensive capital," he stated.

He said it is necessary to provide the necessary incentives and stimulus to enable businesses and factories to be prepared for the time when the economy is reactivated, which might be within the next two years. He lamented the fact that Mexico lacks investment and fiscal incentives extant in other countries. He cited the cases of South Korea, Hong Kong, Japan, and Singapore — Asian nations that have developed along these lines.

The ANIERM leader explained that in order to accomplish this goal, there are a number of programs that could be applied in Mexico, such as accelerated depreciation or tax exemptions, if exports exceed 25 percent of production. He said it is inconceivable that Mexico must pay a tax on assets in the middle of a crisis. "This curbs productive investment. Instead, we should tax consumption, not production," he stated.

Autrique Gomez added that the Secretariat of Finance and Public Credit (SHCP) has strived to simplify import and export procedures, which is reflected in benefits for businessmen and customs agents.

Social Security Institute Director on Workers' Contribution

PA3007164495 Mexico City Radio Red Network in Spanish 0000 GMT 28 Jul 95

[Report by Rafael Aceves from "The Night Monitor" newscast]

[FBIS Translated Text] Genaro Borrego Estrada, director of Mexico's Social Security Institute [IMSS], has made several statements for which the labor and business sectors had been awaiting for quite some time. Those sectors have strongly criticized the IMSS for its ineffective use of resources, which has led to the decapitalization of the institution.

Borrego Estrada has presented a brief sketch of the reforms and changes the IMSS will have to implement in order to manage the institution more effectively. He has said the social security resources have to be a motor for economic growth, a bridge between resources, savings, and investments and a true job promoter. The IMSS director added that the high rates being paid by workers and management will be modified without negatively affecting jobs and wages:

[Begin Borrego Estrada recording] Social security is much more than a tax on payroll; it is a central part of a worker's wage. The challenge is to turn this contribution into a tangible, effective benefit. Steep payroll quotas hinder the growth of the productive plant, brake the expansion of the internal market, and inhibit the furthering of foreign investment. Quotas must contribute to expanding the labor market and never hamper the workers' future prospects. [end recording]

IMSS Director Borrego Estrada made those statements upon inaugurating the second forum for social security specialists. He has also said there is a generalized demand for the government to increase its apportions, which are currently set at 5 percent, in order to further the reorganization of the institution. In this regard, the official has insisted the IMSS will redesign its current refinancing system:

[Begin Borrego Estrada recording] We must apply less taxes on labor and receive more resources from general taxes; this would help us achieve our objectives. The IMSS manages an enormous amount of resources. The historical contradictions of our national development have shown us that excesses are dangerous and that our country's future has to be solidly based on its own resources. [end recording]

He expounded further on the necessary reforms, contained in a 23-page long document, and he has said the institution has totally discarded the possibility of privatizing the IMSS and increasing the quotas of workers and companies.

Concerning pensions, he has said the IMSS will have a new, more equitable, and government regulated system to be used with the 1.5 million retired and pensioned people.

During the inauguration of the forum, the IMSS director reiterated the institution is committed to incorporating the informal economic sector in the social security system and is studying the mechanisms required to this end. He has admitted that the subscribers to the IMSS, which total 435,000 employees, have decreased but added that it is receiving larger amounts of minimum wage subscribers. Thus, it can be said the IMSS' income will be equal to its expenses this year.

Borrego Estrada has said the IMSS labor union is meeting with the authorities to review the possibility of increasing the employees' wages, but this will only be ascertained after 16 October.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Canacintra, Coparmex Presidents on Economic Situation

PA3007172895 Mexico City Radio Red Network in Spanish 0000 GMT 28 Jul 95

[Report by Gloria Hernandez from "The Night Monitor" newscast]

[FBIS Translated Text] Victor Manuel Terrones, president of the National Association of Manufacturers [Canacintra], has said the country's productive sectors are going through the most difficult period in their history. There has been a dramatic drop in all the sectors, and areas such as supplies, construction, textiles, clothing, and real estate have registered a 3 percent drop in the GNP. The official has said the interest rates applied to the industrial sector are still very high. He has said that 17 percent of businessmen have overdue portfolios but that they are talking with the authorities to renegotiate their debts as soon as possible:

[Begin Terrones recording] I still need more information but believe there is almost a 3 percent drop as we stand now. The sectors that have been hardest hit [word indistinct] in one way or another pertaining to the construction and clothing sectors. Of course, we still see a future. The industrial sector will not disappear. We will fight with all our strength to recover. [end recording]

The Canacintra president has said he believes the support programs to back the Agreement of Unity to Overcome the Economic Emergency, AUSEE, have reached their limit and must be complied by all those involved. Countering this position, Carlos Abascal, president of the Mexican Employers Confederation [Coparmex], has demanded that the government humanize the AUSEE and establish concrete measures to get the economy to recover:

[Begin Abascal recording] Yes, of course. The longer it takes to renew the [words indistinct] the greater the delay in implementing the investment program. There are several very important programs that have already been announced. For example, [words indistinct], the building of a light railroad system from Guanajuato to San Francisco del Rincon, three four-lane highways, and important investments in the [word indistinct] sector have already been allocated. The necessary conditions are still not right, however, and those projects still have not been launched. [end recording]

Thus, as we have just heard, there are important investment projects at a standstill because the country's economy still has not started to recover, and the private sector is facing a dire situation in general.

Construction Declines 40.7 Percent Nationwide in May

PA3107035695 Mexico City XEW Television Network in Spanish 0430 GMT 28 Jul 95

[From the "Two Minutes With Perez Stuart" segment of the "24 Hours" newscast by Jose Antonio Perez Stuart]

[FBIS Translated Text] Mexico's recession is exacerbating the shortage of homes in the country. According to official estimates, there is a shortage of about 5 million homes. The latest figures released by official sources indicate that costs have increased, while construction has decreased.

Meanwhile, prices for so-called low-cost housing increased more than 35 percent in May 1995 from levels recorded in the same month a year earlier. To a large extent, this has happened because prices associated with construction materials have increased by more than 37 percent. If we also factor in higher interest rates, then we will understand why purchases of homes have decreased, and why new homes are not being built.

In addition, wages have failed to keep pace with inflation. This has led to a drop in real income because wages have failed to keep pace with increases in prices and interest rates.

The number of Mexicans who need homes increases yearly, as seen in the number of marriages performed every 12 months. However, because of high prices, purchases of homes have decreased and, in line with this fact, so has the possibility of acquiring them. This has caused a slowdown in the construction industry, and, in turn, in the generation of jobs in all industries that manufacture products used in the building of housing facilities, apartments, and homes.

Moreover, the Mexican recession itself has caused businesses to delay the expansion of their plants and installations, and with this, construction has ground to a halt.

All of these elements together have prompted construction nationwide, as of May, to decline by 40.7 percent, while joblessness in this sector alone has reached 37.7 percent. In view of these figures, the Bolsa de Valores has come under pressure within the past few days, even more so if we take into account the figures disclosed today regarding the drop in the manufacturing industry.

Roundup of Mexican Economic Developments

PA0108025995

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 31 July 1995.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Decio de Maria Serrano, deputy secretary of foreign trade and investments, announced that the National Finance Bank will provide micro-, small-, and medium-size businesses with loans worth 2.3 billion new pesos in UDI's (Investment Units) for working capital for new projects or expansions. (Mexico City Radio Red Network in Spanish 0000 GMT 25 Jul 95)

According to a 26 July report, datelined Ensenada, Juvenal Hernandez, manager of the Baja California Norte state branch of the National Chamber of the Fishing Industry reported that Mexico has doubled its tuna exports to Europe. Thus far in 1995, Mexico has exported 10,000 tonnes of tuna to Europe compared to 5,000 tonnes exported in 1994. (Mexico City NOTIMEX in Spanish 1651 GMT 26 Jul 95)

The Bank of Mexico reported that Mexico's international reserves amounted to $13.910 billion on 21 July 1995, $261 million more than the previous week. Banking interest rates decreased by 3 percent. The average interbank interest rate was 39.89 percent. The equilibrium rate was 39.94 percent. The Nafin rate will be 39.21 percent in August for restructuring operations and new financing, an approximately 10-percent drop compared to the rate in July. The Economic Adjustment Office announced that on 27 July, $22.763 billion will have been paid in Tesobonos (Treasury Bonds). Only $6.443 billion in Tesobonos remain in the public's hands. (Mexico City XEW Television Network in Spanish 0430 GMT 27 Jul 95)

According to a 27 July report, datelined Monterrey, during the first half of 1995, Empresas Alfa reported net sales for $1.450 million, a 57-percent increase compared to the same period in 1994. It also reported an operating profit of $251.935 million and exports amounting to $523 million. (Mexico City NOTIMEX in Spanish 2022 GMT 27 Jul 95)

According to a Monterrey, 27 July datelined item, the Maseca Group's (Gruma) international division registered overall sales for $533.225 million during the first half of 1995, a 30-percent increase compared to the same period in 1994. Gruma's net profits amounted to $118.064 million, a 467.4-percent increase compared to the same period in 1994. The total income amounted to $259 million in the second quarter of 1995, a 24-percent increase compared to the same period in 1994. (Mexico City NOTIMEX in Spanish 2147 GMT 27 Jul 95)

According to a 28 July report, datelined Mexico City, the Bancomer Financial Group (GFB) and MVS Multivision, S.A. de C.V. announced the first national banking television network in Mexico called XHGFB, Bancomer Television. Bancomer Television will transmit programs by satellite to all Bank of Commerce branches and regional offices, reaching 15,000 employees, 10,000 executives, and 300,000 clients throughout Mexico. (Mexico City NOTIMEX in Spanish 1056 GMT 28 Jul 95)

According to a Monterrey, 28 July datelined item, the National Confederation of Cattlemen estimated on 28 July that 1.55 million heads of cattle were exported for the 1994-1995 period, which will generate an income of approximately $775 million. (Mexico City NOTIMEX in Spanish 1828 GMT 28 Jul 95)

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Guatemala

De Leon Discusses Electricity, Illegals in U.S., Politics

PA0108202595 Guatemala City Televisiete Television in Spanish 1900 GMT 31 Jul 95

[From the "Channel 7 News" — passages within quotation marks recorded]

[FBIS Translated Text] President Ramiro De Leon Carpio has described reports about a possible increase in electricity rates in September as mere speculation.

[De Leon] "I have heard talk about the sale of shares and about new electricity rates. That is mere speculation. Nothing is certain, nothing is official. When the time comes, I will inform you and I will say: I have been offered this type of solution and I have chosen this or that. As I said on Saturday, in this way we will be saving the INDE [National Institute of Electrification] and solving the big problems in the electric power sector."

The president also referred to the situation of the Guatemalans who are illegally in the United States.

[De Leon] "It is a topic we have discussed with other Central American countries. On one occasion, we mentioned it to President Clinton because it has very serious economic consequences for our countries, especially El Salvador, but also Guatemala and Honduras. We all know that many Guatemalans, Salvadorans, Hondurans, and Nicaraguans have had to emigrate to the United States for socioeconomic reasons or due to violence. Some of them are there legally while others are there illegally. This entails two issues for Guatemala and for Central America as a whole. One issue involves the funds they send to their relatives here. In El Salvador's case, this is its greatest source of foreign exchange revenue. In our case, it is a considerable source of our foreign exchange revenue. The other issue involves the fact that if these Guatemalan brothers had to return to Guatemala they would be unemployed. In other words, not only would they stop sending funds to their relatives, funds that form part of Guatemala's resources, but they would be returning in unfavorable conditions and would have no jobs. I think that, as the foreign minister has stated, the decision on this issue is not being adopted at this time. There will be opportunity to discuss this topic with President Clinton, and I think we will be able to convince the Clinton Administration, so the decision will not be definitive."

De Leon Carpio also said the campaign against him regarding expenditures on advisers comes from a political group which is not doing very well at this time.

[De Leon] "I think the people understand — as the opinion polls show — that this is the result of an attack by a political group. If you analyze this, you can see that the people are not being deceived. It is a political group whose actions are not coming out very well. The president of the Republic is not to blame. He has nothing to do with the fact that the group's candidate was not registered or with the fact that the media highlight the results of opinion polls. The president is being blamed and his greatest strength, his honesty, is being attacked. Fortunately, the people know that never in Guatemala's history had the huge discretionary expenditures been eliminated. This shows that this administration has acted, is acting, and will conclude its term acting honestly and trustworthily."

Defense Minister Justifies CIA Activities

PA0208043195 Mexico City NOTIMEX in Spanish 2318 GMT 1 Aug 95

[FBIS Translated Text] Guatemala City, 1 Aug (Notimex) — Guatemalan Defense Minister Mario Rene Enriquez Morales today justified the activities carried out by the U.S. Central Intelligence Agency (CIA) in Guatemala.

"It is no dishonor to belong to the CIA, an institution that has supported Guatemala tremendously," Enriquez Morales stated in justifying the "legal" cooperation between the CIA and the country's security forces.

The defense minister asserted that cooperation between Guatemala's security forces and the CIA, "with whom we have excellent relations," has taken place in programs related to the struggle against drug trafficking, subversion, and organized crime.

He also rejected accusations involving the CIA, and Guatemalan military officers in serious crimes carried out in this country where an armed internal struggle has been going on for the past 34 years, and has caused nearly 175,000 deaths.

During a press conference the minister stated that disclosures about illegal CIA activities in Guatemala have not undermined relations with the United States since this nation "is a friend of Guatemala that has offered us much assistance."

Enriquez Morales believes that the decision adopted by the CIA authorities to disclose details of its activities in Guatemala is positive since it will put an end to all the speculations and misleading accusations that are being made on the issue.

The minister referred to the charges launched against Colonel Julio Roberto Alpirez of having being an undercover and paid CIA agent.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

He denied that Alpirez, who this past month of May was relieved from his duties as deputy commander of La Aurora Military Base in Guatemala City, had been discharged from the Army.

According to the defense minister, if Alpirez decided to tender his resignation, it would be accepted since anyone who has been on active duty for 25 years has the right to retire.

Defense Minister Enriquez pointed out that Alpirez's retirement as member of the Army will allow him to be in a better position to defend himself and impair all accusations that he is a paid CIA agent.

Enriquez Morales stated that it is his obligation to support Col. Alpirez who is his subordinate officer but that it is not his responsibility to voice an opinion with respect to his innocence or guilt.

He asserted that he was unaware of any illegal links between Alpirez and the CIA, and proposed that the truth in this case may never be known since "the CIA never discloses the names of its agents."

Enriquez Morales ruled out that the colonel could be facing charges of treason since he never disclosed strategic information on Guatemala, and neither was there any enemy nation to receive such information.

A CIA report made public in Washington confirmed the links between the intelligence agency and the Guatemalan military officer who may have received $44,000 for his activities as an undercover agent.

This past March, U.S. Congressman Robert Torricelli charged that Alpirez, in his capacity as a CIA agent, had ordered the executions of U.S. citizen Michael Devine in 1990, and Guatemalan guerrilla leader Efrain Bamaca in 1992.

Honduras

Judge States Report Supports Charge Against Reina

PA0108143195 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 29 Jul 95 p 4A

[FBIS Translated Text] Tegucigalpa — First Criminal Court Judge Roy Medina has disclosed that the final report on the investigations of the allegation of abuse of power by President Carlos Roberto Reina show that irregularities were indeed committed.

Judge Medina yesterday continued investigating the charge by National Party Deputy Africo Madrid that Reina had abused his authority last year when he gave 3 million lempiras to the Trade Union of Tela Railroad Company Workers, Sitraterco.

Everything Confirms the Allegation

After meeting with Ramiro Lozano Landa, deputy finance and public credit minister, who is involved in this matter, and Deputy Government Minister Rene Suazo Lagos, Judge Medina said that "the focus by the expert is based on technical and legal aspects, and the report contains elements that when taken individually support the accusation that irregularities were committed.

But when asked if based on the report the president may be stripped of his immunity, Medina replied that the National Congress has to decide if there are grounds for it.

I Do Not Have the Power To Suspend Immunity

"I do not have the authority to suspend his immunity, but I do have the power to make the Legislative Branch reach a decision, especially considering a report exists with proofs that support the accusation," he explained.

Regarding his meeting with Finance and Public Ministry officials, he said it served to corroborate original documents exist that were compared with the photocopies of the file.

He later disclosed that to date there are no warrants for the arrest of other officials involved in Deputy Madrid's accusation.

Judge Medina explained the accusation is specifically aimed at President Reina, but although it was established that the document [not further identified] was signed by Ramiro Lozano Landa, who was then the finance and public credit minister.

Military To Remain in Tacamiche Till Conflict is Resolved

PA2807210695 Tegucigalpa LA TRIBUNA in Spanish 27 Jul 95 p 83

[FBIS Translated Text] As part of the agreements reached following the eviction of squatters carried out yesterday, the Army will keep up its presence in Tacamiche.

In a meeting between peasant leaders, the San Pedro Police Chief Colonel Wilfredo Urtecho, and the 105th Brigade Chief Colonel Martinez Amador, it was established that a commission to be named by President Carlos Roberto Reina would negotiate with the community to seek a definite solution to the issue.

The agreement also states that the community will allow investors and the Tela Railroad Company to cultivate the lands in the area, which allegedly belong

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

to community, without legal action being taken by the peasant workers.

Likewise, the agreement establishes that persons not belonging to the community — approximately 400 peasants affiliated to the National Federation of Rural Workers (CNTC) who came to support the community — must leave by 1300 hours tomorrow, at the latest.

Approximately 60 soldiers will remain in two barracks to maintain law and order in the area.

Starting today, persons entering or leaving the camp will not be searched, and the military will only intervene if the law is broken.

The community also promised not to introduce instruments which may injure persons. A coordinating team of community and government representatives was created which will take charge of the soldiers.

The agreements were signed by colonels Urtecho and Martinez Amador, peasant leaders Roberto Torres, Luis Roberto Sanchez, Jorge Reyes, Edgardo Colindres, their legal representative Rene Altamirano, and CNTC representatives Francisco Ramos and Angel Gutierrez.

The peasants, who gathered at the site of the former La Curva packing plant, accepted the agreements, which resulted in the withdrawal of the soldiers and the return of the peasant farmers to their homes.

Rene Altamirano said that the agreements would allow for peaceful coexistence while the legality of the lands in dispute is established, which the peasant are sure will show that the lands do not belong to the Tela Railroad Company.

Altamirano explained that the titles of the transnational company say that it sold more land than it has in its power. In addition, the National Agrarian Institute (INA) expropriated part of these lands, although they continued in the power of the Tela Railroad Company with the condition that it would plant African palms and bananas — a condition which the company broke because it abandoned the lands.

Altamirano said that President Reina, the INA, and Natural Resources, have been negligent and unable to solve this problem, and now had to name another commission, which might arrive today or tomorrow, to intervene in the conflict.

Soldiers Evict Peasants From Private Land

PA2907000195 Tegucigalpa LA TRIBUNA in Spanish 27 Jul 95 p 82

[Report by Santos Galvez]

[FBIS Translated Text] On the morning of 26 July, the residents of Tacamiche were finally evicted without the anticipated tragic results; only several people were injured, beaten, and arrested. A platoon comprising 500 Army troops and policemen arrived at the scene around 0800 to carry out the eviction order issued by the National Agrarian Institute (INA) on 6 June.

Soldiers of the 3d, 14th, 12th, and 7th Infantry Battalions and the 2d Artillery Battalion, weilding protective shields and wearing gas masks, employed tear gas bombs, rubber bullets, and baseball bats. They even used a helicopter. INA employees Jose Mauro Galeas and Jose Cruz Dominguez accompanied the authorities in the execution of the eviction order.

Military personnel surrounded the area in the early morning hours, prompting peasants to come out of their houses in an effort to protect some 80 manzanas of land they has sown with corn, which was about to flower. The peasants, machetes in hand, also proceeded to cut sections of the sorghum plantation that private investors and the Tela Railroad Company have in the area, arguing that the soldiers had destroyed their cornfields.

San Pedro Sula's chief of police, Colonel Andres Wilfredo Urtecho, who oversaw the operation, showed them a letter sent by a commission appointed by President Carlos Roberto Reina. Peasant Raquel Corea snatched the letter from Urtecho's hands. This incident, along with the fact that the peasants were cutting down the "Tela" Company's crops, forced the military to start lobbing tear gas bombs. This prompted the peasants to flee while the soldiers advanced slowly.

The peasants armed with "slingshots" hurled rocks at the soldiers. Their machetes were useless because the tear gas kept them at bay. According to authorities, the "Tacamiche" residents hurled only a few "Molotov" cocktails.

They Raided Huts

As the soldiers advanced, they took over several huts, knocking down doors to determine whether people were inside, however, most of the residents were in the line of fire. Authorities arrested 26 peasants during the operation. They were taken to La Lima Police Post.

When the military had taken control of more than one-half of the area, following two hours of clashes and after a minor truce Marco Antonio Bautista from Church

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Legal Aid [Socorro Juridico de la Iglesia] mediated. The military and peasants met at a large hut with Reynaldo Urtecho and 105th Commander Colonel Jose Martinez Amador Brigade. They later took a helicopter to the "Armando Escalon" Air Base in San Pedro Sula to talk with Armed Forces Chief General Luis Alfonso Discua Elvir.

An hour later, the military chiefs and peasant leaders met at 1300, and following more than two hours of negotiations, they signed an accord making the military withdraw, leaving behind a small reserve.

While the negotiations were being held, the peasants could not enter their houses because soldiers erected a roadblock, however, normalcy returned to the area after an agreement was reached.

In the afternoon, tractors owned by the investors and the company started destroying the peasants' cornfields.

Injured

During the clashes, Juan Alvarado, a Public Security Force (FSP) agent, was hit by a rock in his right leg, while Jose Ramirez, from the Army, was hit in the head. Authorities reported that two other agents were also injured, but their names were not disclosed. The tear gas made peasant Jose Cabrera faint, while a neighbor of his, Juana Umanzor, had to be taken in a Red Cross ambulance to receive medical treatment.

In addition, reporters who were near the line of fire also were overcome by the gas to the extent that reporter Santiago Cerna fainted. At least one reporter was hit by rubber bullets fired by soldiers.

Reina's Order

Col. Martinez Amador explained President Reina himself ordered the police to evict the peasants. The police had to carry out the order because their chiefs were threatened with prosecution on charges of contempt if they refused to carry out judicial orders. However, Martinez admitted that the eviction failed to resolve the problem; it is only one step toward resolving the dispute.

The officer pointed out that the peasants were evicted from the area only, not from the houses, where they will be able to stay while a place to relocate them is being sought, as proposed in a communique sent by a commission comprising prominent individuals, including Presidential-Designate Walter Lopez, Deputy Cuautama Fonseca, General Lazaro Avila Soleno, Daniel Ramirez, Ricardo Reina Midence, and Jorge Arturo Reina.

No one signed the document, which was written on common paper. However, the document stated that the government is willing to make arrangements to acquire the houses in which the "Tacumiche" residents have lived to enable them to keep living there. Meanwhile, the INA is seeking an area to relocate the residents within a timeframe of no greater than two months.

However, this solution encompasses only former workers, who will be able to continue to live there until they are relocated to an area being sought by the INA, as stipulated. This proposal pertains exclusively to former workers, and those who do not meet this requirement must leave the area immediately.

Reina Deceived Us

Oscar Mejia, leader of the National Federation of Rural Workers (CNTC), described as flawed and drastic the government's position against the peasants. In his opinion, the government failed to fully ponder the consequences of this action.

"This is a situation of war; they caught us unarmed, while they had sophisticated weapons," Mejia pointed out, adding that they were practically deceived because they were waiting for the government commission to arrive. The arrival, according to Mejia, was announced only to ensure they would have confidence in the military presence.

Mejia, who feels Reina deceived him, underscored that the CNTC will file a report on this situation with international human rights organizations, because the Army continues to shamelessly repress people.

"It is regrettable that economic and foreign interests are placed above the people; the 'gringos' continue to walk all over our land, and the Army is an errand boy for the interests of the Tela Company," Mejia stressed. He claimed the government never issued a clear proposal and that it did not even receive the CNTC to discuss its proposals.

Meanwhile, Angel Gutierrez, another CNTC leader, said violence does not resolve the government. [sentence as published] He also accused the government of failing to take action.

The Eviction Was Necessary

Meanwhile, Col. Urtecho claimed it was absolutely necessary to proceed in this fashion during the eviction, adding that this is why peace now prevails in the area. "Thank God there was no massacre, as everyone had anticipated," he pointed out.

Meanwhile, Miguel Anariva, a Tela Company executive, said the government cannot negotiate on something

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

that belongs to the company, but he added that the government has provided certain alternatives to resolve the problem of those former workers who are living in the area. They will be treated differently. There are approximately 20 of them.

"The government has provided these options, and the company is determining how to help resolve the situation," he underscored, adding that he is pleased the authorities showed good sense during the eviction and that no one died.

He explained that the company will continue with its huge agricultural plans in the area — plans had been put on hold because of the land seizure.

Armed Forces Chief on Support to Accused Military Officers

PA3107201295 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 28 Jul 95

[Report by Jose Rolando Sarmiento; from "The Morning Newspaper" newscast — passages within quotation marks recorded]

[FBIS Translated Text] Armed Forces Commander General Luis Alonso Discua Elvir has said that the military charged by the prosecutor's office can rest assured the Armed Forces will give them their total and unrestricted support. Gen. Discua Elvir also requested a legal and fair trial for those charged with the illegal arrest of six Honduran citizens during the Cold War. The military commander said he deplores that when it comes to accusing the military, society judges and condemns at the same time. Here is Jose Rolando Sarmiento with a report:

[Sarmiento] Gen. Discua was interviewed at the Amapala Naval Base located on the Pacific Ocean. The Armed Forces commander general referred to the events which occurred in Tacamiche.

[Discua] "All we know is the government's position, stated in communiques. We are part of the executive branch and we [words indistinct] various orders to evict, arrest, and create a climate of trust so enterprises are encouraged to engage in agricultural activities. The action had to be carried out because the instructions and orders were issued beforehand. All the Public Security Force [Fusep] did was to carry out, with the Army's support, orders issued by those in charge of guaranteeing safety and peace in our homeland."

[Sarmiento] He ratified that eviction orders are received from courts and the appropriate authorities in the country. He later mentioned other places where actions have been, or will be, carried out.

[Discua] "An eviction was also carried out yesterday in a place called... [pauses] close to La Ceiba. I believe the name is Danto. Other evictions will also be carried out in Villanueva, Santa Barbara, San Pedro Zacapa, Cofradia — plus others in central El Paraiso Department and Choluteca Department. The actions are being carried out based on judicial orders. Nothing is done without an order or without the presence of a prosecutor or judge from the appropriate court."

[Sarmiento] How does the high command of the Armed Forces, which you lead, view the proceedings undertaken against 11 ranking Fusep officers?

[Discua] "[Words indistinct] we must act in keeping with the law."

[Sarmiento] It is already being said that at this point, only low- and medium-rank officers are involved in these suits, but that later, these actions might even reach you.

[Discua] "[Words indistinct] we must review the situation. We hope the courts will act as honestly and objectively as possible. If there were any problems of that sort in the Armed Forces, we will assess the situation and decide on the course of action to follow."

[Sarmiento] Are you prepared in case a suit is filed against you?

[Discua] "I believe there is legal security here, and this issue has been amply discussed, therefore, if there is legal security and there is no [word indistinct] or some sort of vengeance, I believe there is room for clear and impartial justice for all sectors and these actions will not be used to take revenge on a specific sector. Thus, let us hope this situation [words indistinct]."

[Sarmiento] Will the accused officers appear at the appropriate courts?

[Discua] "I will only tell you that we must wait. No one should prejudge anyone else's innocence. Everyone [words indistinct] until proven otherwise. [Words indistinct] I believe people should be tried before they are found guilty, however, it seems that nowadays, the general public is judging and sentencing and I believe we are [words indistinct], in which the law of the jungle will prevail. I believe we should not allow this."

[Sarmiento] Do you agree with the president's statement that this is the right time to demonstrate who is innocent at a court?

[Discua] "As I said, the Prosecutor's Office is doing its work and we will have to review the situation. What I can tell you is that all our fellow Army members have

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the support and solidarity of the entire institution. No one should have the slightest doubt about this."

[Sarmiento] Why is there a feeling of vengeance within the Armed Forces as a result of these actions undertaken by the Human Rights Prosecutor's Office?

[Discua] "I believe this should be analyzed carefully, and I restate: All officers and soldiers who are summoned, at any given time, and who are prejudged, will have the absolute support of all the members of the Armed Forces, including [words indistinct]."

Panama

Robaina Points to Differences Between Cuba, United States

PA0108134595 Panama City Circuito RPC Television in Spanish 2300 GMT 31 jul 95

[Report by Abdiel Antonio Gutierrez from the "RPC Television News" newscast]

[FBIS Translated Text] The Republic of Cuba is currently undertaking major efforts to strengthen its commercial exchange with Panama. Cuban Foreign Minister Roberto Robaina, who is currently in Panama on official visit, denied that his intention is to draw this country into Cuba's differences with the United States.

Panamanian Foreign Minister Gabriel Lewis Galindo met privately today with his Cuban counterpart, and after the meeting Robaina disclosed some details related to his agenda while in Panama.

[Begin Robaina recording] I believe that the objective is to ensure some degree of communication that would allow us Cubans to know Panama better, and for Panama to know Cuba better. I believe this in itself is a significant step, and part of an overall strategy which has not been designed exclusively for Panama but also for all Latin America. During the rest of the day I will be meeting with officials from several other ministries, as well as with some important businessmen. [end recording]

Robaina denied that he is seeking to involve Panama as an intermediary in the problems between Cuba and the United States.

[Begin recording] The conflict between Cuba and the United States is too complex, and both countries are well are of what it entails for us to want to get Panama involved in such a complicated problem. I do not believe that Panamanians would be willing to take on a problem that depends, most of all, on issues that only concern Cuba and the United States. You can be certain that I did not come to Panama for this reason, and neither do I believe that there are persons prepared or willing to act as mediators. [end recording]

The Panamanian Foreign Ministry did not make any official statements regarding the issues discussed by the Cuban and Panamanian foreign ministers.

Robaina Urges Businessmen To Invest in Cuba

PA0208031895 Panama City LA PRENSA in Spanish 1 Aug 95 p 3A

[Report by Hermes Sucre Serrano]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina urged Panamanian businessmen to take advantage of the benefits being offered by his country to foreign investors via the special incentive laws.

During a reception held in his honor at the Panamanian Chamber of Commerce, Industries, and Agriculture, Robaina spoke about the new policies the government of Fidel Castro has established to promote foreign investment.

"We are offering advantages in all sectors, with the exception of health and education," the diplomat remarked.

This year, a Cuban business group participated in Expocomer '95 and, according to a spokesman of the Chamber of Commerce, the group's attendance in the "2d Specialized Medical Fair," which will be held in October, has already been confirmed.

Juan Jose Vallarino, president of the Chamber of Commerce, Industries and Agriculture, urged Cubans to maintain a permanent commercial exchange via their participation in international fairs.

Vallarino stated that there is interest in investing in sectors such as trade and tourism, two areas in which Cuba has made substantial progress in recent years.

Robaina noted that investors from the Caribbean and Latin America will have priority vis-a-vis foreign investment in the island.

Robaina explained that Cuba already went through its worst political moments, the reason why it may achieve an economic growth of 2 percent this year.

He said that his country reformed its legislation to offer investors a special opening. "Cuba is not only a country of needs, but also one of many offers and potential," he clarified.

The minister recalled that Cuban workers are some of the best in the region because of their scientific and technical knowledge.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Robaina stated that Panamanian businessmen should come to explore the investment possibilities in Cuba with the confidence that they will find good deals.

The Cuban diplomat, who is visiting Panama for 36 hours, added that countries such as Spain and Canada have made major investments in the tourism sector.

Business Executive Association President on Economic Model

PA3107192895 Panama City LA ESTRELLA DE PANAMA in Spanish 31 Jul 95 p 40

[Report by Emilio Sinclair]

[FBIS Translated Text] "Panama's economic model is completely worn out and must undergo an overall restructuring," Ricardo Ortega, president of the Panamanian Association of Business Executives (APEDE), has said. Ortega has affirmed we need to create "a new country where the first thing we must do is to effect a change in Panamanians' attitude."

According to the APEDE president, "the most serious thing is the lack of investments, primarily in those sectors of greatest potential for Panama, such as ... tourism at the forefront and as a possible short-term solution to the reverted and maritime areas."

"Panama," he has said, "is located at the heart of everything taking place in the route of world commerce and must awaken once and for all and undergo a profound change of attitude. It must do it promptly for the benefit of all Panamanians."

According to Ortega, "the columns on which social development must rest" are 1. A policy to promote investments; 2. A policy to modernize the state; and 3. A policy to develop human resources.

Regarding the policy to promote investments, he has said it must guarantee the legal security of investments on tourism as the forefront to draw investments, the better use of the reverted areas, the development of transportation and infrastructure, microeconomic policies, and business development that improves the market economy by eliminating distortions, and an industrial and agricultural policy with an emphasis on nontraditional products." [no opening quotation mark as published]

In reference to the modernization of the state, the APEDE president has said it must "reform public administration and decentralization and revamp state enterprises, the social security system, a coherent fiscal policy, territorial reorganization, the environment, and scientific and technological development."

On the develop of human resources, he has recommended "an education policy that truly modernizes our educational system, keeping it in step with what is happening domestically and abroad. There has to be a labor policy that is truly flexible and encourages investments, a health policy that truly reaches all levels, and a housing policy that allows every Panamanian to have a decent home."

Banking Association President Says 'No Banking Secrecy'

PA2807044395 Panama City EL PANAMA AMERICA in Spanish 26 Jul 95 p 3A

[Report by Aquilino Ortega Luna]

[FBIS Translated Text] Julio Antelo, president of the Panamanian Banking Association, said yesterday that there is no "banking secrecy" in Panama. He also stressed that the country has the necessary laws to control illegal activities, such as "money laundering."

"Banking secrecy, as such, does not exist in Panama. What we have is confidentiality of banking operations," Antelo stressed. He added that in a duly sentenced judicial process [un proceso judicial debidamente sentenciado], banking secrecy is not valid, as banks must provide information according to the law.

Out of the 110 banks currently operating in Panama, with assets of over $32 billion, 22 are Panamanian, while the rest are from 35 Asian, European, and American countries. There are also four multinational banks.

"Definitely, the banking law has nothing to do with money laundering, although there are control measures. Panama has many laws to fight money laundering," he stressed.

Business Leader Warns of Investment Decline

PA2907031495 Panama City LA ESTRELLA DE PANAMA in Spanish 28 Jul 95 p A8

[Report by Emilio Sinclair]

[FBIS Translated Text] Last night Ricardo E. Ortega assumed for a second consecutive time the presidency of the Panamanian Association of Business Executives [APEDE], this time for 1995-1996. In so doing, Ortega reaffirmed his intention to continue "defending the free enterprise principle."

In a ceremony held in the Las Perlas Room of Club Union, Ortega said during discussions on Labor Code reforms that "the articles proposed by the private sector were not accepted." He said that "the reforms do not promote the generation of jobs."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Referring to the environment bill, the APEDE president said that it "leads to the creation of a larger government bureaucracy and invites corruption because there cannot be corrupt people without a corrupt bureaucracy."

"It is proper and healthy to criticize our government leaders," Ortega said in referring to a package of laws presented by the executive branch "to modernize the state and the economy." He estimated that this package "has created uncertainty at both the national and international level and has resulted in stagnation and recession of the economy." "This," he added, "has had negative repercussions at all levels."

He explained: "The investment growth rate in our country has been systematically decreasing." Ortega added: "We should not fool ourselves and understand that what we had here during the first four post-economic-crisis years was nothing but a slight GNP recovery."

In closing, Ortega noted the three policies he views as "the pillars on which national development must stand." They are first, the development of investment; second, the modernization of the state; and three, the development of human resources.

CTRP Union Rejects Labor Code Reforms

PA3107234895 Panama City LA PRENSA in Spanish 30 Jul 95 p 2

[Report by Jose Quintero De Leon]

[FBIS Translated Text] Leaders of the Confederation of Workers of the Republic of Panama (CTRP), headed by Augusto Cesar Castillo, have decided to reject the draft reforms to the Labor Code, which the Labor Commission of the Legislative Assembly is discussing.

This dissident faction has 11 federations of unions, formed by 35 unions with 35,000 workers from breweries, hospitals, oil pipelines, ports, gas industries, shipyards, plastics, and other industries.

This is the second federation of unions to take this stand after the Autonomous General Confederation of Workers [Central General Autonoma de Trabajadores] (CGATP) took the same stand during a news conference on 28 July.

The dissident leadership of the CTRP explained that it does not recognize or support the delegation headed by Aniano Pinzon at the Labor Foundation or the Tripartite Commission. The dissidents are holding him liable for the way in which the workers' most elemental rights will end up curtailed.

In a communique issued at the conclusion of a meeting, the leaders expressed their "deep concern about and rejection of" the contents of the two documents on labor reforms the Legislative Assembly is studying.

In addition, they believe that the discussion of the reforms in a secretive fashion and with scant information does not forebode anything good, not to mention the fact that the assembly does not have enough time to conduct an unbiased and objective analysis of the issue.

The current reforms, as was the case with the previous ones, the union leaders maintained, have a fake bait of promises of jobs and business investments.

Meanwhile, the other faction of the confederation, which Aniano Pinzon still leads, stated in a communique its firm willingness to continue with the process of consensus, which it described as a "historical responsibility" and a "patriotic need."

According to Pinzon's CTRP, the labor reforms constitute only one of the issues that must be discussed within the framework of the Bambito III Accords, including the creation of jobs, professional training, mitigation of poverty, a solid social security, and others.

The document indicated that even though the CTRP supports the consensus, it does not reject or hide its willingness to resort to other legal and legitimate channels to prevent tampering with the legal order and the balance that must exist among the production sectors.

In justifying its conduct in the forums that addressed the labor reforms prior to being forwarded to the Legislative Assembly, the CTRP explained that its participation was always geared toward not accepting labor reforms that would diminish the workers' real salaries and incomes.

Meanwhile, union leader Luis Leon, director of the General Central Organization of Panamanian Workers (CGTP), said that they are expecting massive layoffs in private companies in September 1995. He explained that the current labor guidelines stipulate that when a worker is unfairly laid off, he must be paid a compensation, in addition to his respective indemnification and other rightful benefits.

With the proposed reforms, however, the worker who has signed a contract for an indefinite time acquires stability right away, but his severance pay is eliminated because the unemployment fund provides for the payment of the indemnification from the time he starts working, as well as for seniority compensation, Leon stressed.

The leader added that those workers with less than two years on the job are candidates for massive layoffs. After being laid off, they will be rehired through limited-time contracts.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Argentina

Menem Announces Plan To Create New Jobs

PY0208030995 Buenos Aires TELAM in Spanish 2302 GMT 1 Aug 95

[FBIS Translated Text] Buenos Aires, 1 Aug (TELAM) — President Carlos Menem today announced a number of measures to reactivate the construction industry and create more than 300,000 new jobs. The president said that the government will launch an offensive against unemployment, strictly respecting the economic model and fiscal discipline.

The head of state emphasized that the official policy will not only attempt to reduce unemployment, which has climbed to 18.6 percent, but will be directed at "eliminating" the scourge of unemployment, as he announced during his inauguration for a second term.

During a message from the White Hall of Government House before cabinet ministers, legislators, entrepreneurs, bankers, and union leaders, Menem made it clear that the economic model will not change.

The president stressed that the fight against unemployment will be implemented with strict respect for "fiscal and monetary discipline" and the convertibility plan.

Menem's message, which was interrupted repeatedly by applause from the audience, which included UIA [Argentine Industrial Union] President Jorge Blanco Villegas and CGT [General Confederation of Labor] leader Gerardo Martinez, stressed that construction will be "the axis of the growth policy," which will have a multiplying effect in the labor market.

Menem said that the National Mortgage Bank will provide $1.5 billion in credits with which to create 300,000 new jobs and build 100,000 new homes.

The president said loans for the purchase of housing units will have "a 10 year maturity and 12 percent annual interest rate."

Menem said the resources "will be derived from domestic savings and foreign financing."

Menem said the government will put up $5.2 million to encourage the creation of 50,000 new jobs based on "foreign commitments that are being negotiated abroad."

The president said the privatization of Yacyreta's hydroelectric plant and the franchising of numerous infrastructure projects are included in the plan, giving as an example the bridge that will link Buenos Aires with the Uruguayan city of Colonia.

Menem announced the launching of a new public transportation plan for the metropolitan area "to improve the quality of life of the population living in the capital."

The president also stressed that these projects can be implemented because Argentina has become a "trustworthy and credible country," warning that "we will continue forward no matter the pressures."

"This president inaugurates a new undertaking every day," Menem said at the end of his message.

Lebanese Envoy Criticizes 'Unjust Treatment' of Suspects

PY0108212995 Buenos Aires BUENOS AIRES HERALD in English 29 Jul 95 pp 1-2

[FBIS Transcribed Text] (DYN-NA-ABD) The Lebanese ambassador in Buenos Aires criticized Argentina for its unjust treatment of the six Lebanese and the one Brazilian who were released Thursday, two days after being extradited to Argentina from Paraguay on weapons charges.

"They were held under suspicion and with no evidence ... and were defamed and deprived of their liberty," Ambassador Riad Kantar said in an interview with the HERALD. "We consider this a complete violation of their human rights, against the laws of freedom and rights of every human being."

The seven people were extradited on charges of being connected to Argentine intelligence agent Alejandro Sucksdorf and a cache of weapons in an island in the Tigre delta. The seven were released Thursday by San Isidro Judge Roberto Marquevich for lack of evidence and flew to Brazil yesterday.

Since the extradition process began last January, press accounts and U.S., Argentine and Paraguayan intelligence linked the seven people to both the deadly Israeli Embassy bombing three years ago and the AMIA [Argentine-Israeli Mutual Association] Jewish cuntural centre last year. The seven also were linked to the Lebanese Hizballah party, which has vowed to block the Mideast peace process and has been connected to terrorist attacks.

"I don't think it's acceptable that a country be under suspicion," Kantar said. "And I am grateful the courts proved I was right."

Kantar said he was baffled by the effort made to have the seven suspects undergo questioning in Argentina — six months of appeals and significant international pressure on Paraguay. "It's a mystery," he said.

Marquevich told the press yesterday that even if the Lebanese belonged to Hizballah, it was not "enough" to keep them detained.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Paraguayan attorney Jorge Galli, representing the Lebanese, qualified Marquevich's decision as "superb," adding justice was served.

Sucksdorf, however, accused Marquevich of a miscarriage of justice. Sucksdorf said the judge concocted a link with the Lebanese to keep him in jail. Sucksdorf said he was ordered by Army Chief of Staff Martin Balza to guard the weapons cache in Tigre. "What I am sure about is that someone in the intelligence wants to keep me in jail for no reason whatsoever," said Sucksdorf.

Agreement Reached With Brazil To Build Research Satellite

PY0108234995 Buenos Aires TELAM in Spanish 2216 GMT 28 Jul 95

[FBIS Translated Text] Buenos Aires, 28 Jul (TELAM) — The Foreign Ministry reported tonight that Argentina and Brazil have agreed to jointly build a space research satellite for enhancing studies of the Southern Cone atmosphere.

The Foreign Ministry report points out that the agreement "was achieved after a workshop held jointly between the National Institute of Space Research of Brazil and the National Commission for Space Activities of Argentina."

The report emphasizes that the agreement "emphasizes the high level of cooperation achieved by the two state agencies in the aerospace field."

The construction of the SAC-D [expansion unknown] satellite is contemplated in the Argentine National Space Program, and the agreement achieved with Brazil will permit enhanced development of the original project.

Public Revenues Secretary Carlos Tacchi Resigns

PY0108235295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1910 GMT 1 Aug 95

[FBIS Translated Text] Buenos Aires, 1 Aug (NA) — Adrian Gomez, Finance Ministry public relations chief, has confirmed that Public Revenues Secretary Carlos Tacchi resigned his post today.

Gomez said that Economy Minister Domingo Cavallo and President Carlos Menem are at this time analyzing nominations to see who will replace Tacchi.

It was known that Tacchi mentioned "personal reasons" in his letter of resignation to Cavallo.

Lockheed Lays Off 820 Workers; Incidents Occur

PY0108213095 Buenos Aires TELAM in Spanish 1518 GMT 31 Jul 95

[FBIS Translated Text] Cordoba, 31 Jul (TELAM) — Lockheed Aircraft Argentina (Laasa) employees were involved in incidents with security guards outside the plant when they met to condemn the layoff of 820 workers.

Employees hurled stones at the Laasa building, on the outskirts of the capital city on Fuerza Aerea Avenue, and were subsequently dispersed by Border Police personnel.

The Border Police repressed the demonstrators using armored vehicles, and hosed down the most exuberant. No one was injured.

Oscar Aguad, the Cordoba Province institutional relations minister, blamed the incidents on "infiltrators" from the "Free Fatherland" and "Quebracho" groups.

Oscar Mengarelli, the head of the local branch of the Association of State Workers (ATE), contradicted Aguad, blaming Border Police personnel for the incidents.

During a news conference, Mengarelli said: "If the police leave us alone we will demonstrate peacefully; but we got a wetting, we were repressed, and this triggered the reaction some comrades."

Commander Natalio Ortiz, head of the Third Border Police Region, asserted that the incidents this morning could have been avoided if the police personnel outside the plant had prevented demonstrators from entering the building.

Ortiz said on the radio: "Things remained under control with the exception of some people who were soaked and some broken windows. We have no serious consequences to lament."

After the incidents, the demonstrators marched downtown seeking to join a protest rally organized by Ciadea [automaker] workers who have been suspended until 25 August.

Laasa, which was awarded a concession to operate the former Cordoba Army Materiel Area, dismissed 820 workers last week. To protest against this measure, the local branch of ATE decided to meet outside the plant this morning and to subsequently march through the streets of downtown Cordoba.

[Buenos Aires TELAM in Spanish at 1519 GMT on 31 July carries an 80-word report that adds: "In view of the incidents outside the Laasa factory today during a demonstration by trade unionists to protest against

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the firing of workers, President Carlos Menem called upon Laasa workers 'to refrain from playing the game of activists.'"

"Menem, speaking on Radio 9.90, accused 'Quebracho' and 'Free Fatherland' members of causing the disturbances outside the Laasa plant. He argued: 'Causing acts of violence is playing the game of subversives and criminals.'"]

Editorial Analyzes Causes Behind Unrest in San Juan

PY0208020495 Buenos Aires LA NACION in Spanish 28 Jul 95 p 6

[Editorial: "The Disturbances in San Juan"]

[FBIS Translated Text] It has become customary by now. The violent incidents yesterday and the day before yesterday in San Juan encouraged provincial authorities and the national government to issue harsh and imprecise accusations against certain elements and criminal gangs that seem to have raised the level of anger, increased the feelings of annoyance, and participated in the more aggressive disturbances and excesses.

Without denying the possibility of finding the individuals responsible — surely there are some — whose degree of participation will be determined by investigation, it is obvious that we cannot seek the origin of the regrettable incidents there, but in a situation that is so obvious that cannot be ignored or separated from the government administration, at least if we want to respect intellectual honesty.

The same elements that are made responsible for the regrettable events in San Juan are also operating in other places at this time. We should therefore not be surprised if similar reactions — similar at least in reason and mood, if not effects — occur in other cities. No one likes to see his salary reduced or his paycheck late, even admitting that it has to do with a kind of major surgery. It is not natural to expect that decisions such as the ones that have been announced will bring applause from those affected, no matter how rational those measures are from the macroeconomic point of view.

Few occasions for discontent have been so foreseeable and anticipated as those that shook San Juan, and not only because of the presence of the most common cause of the so-called social explosions, the delay in paying salaries, which in this case affect public agents. If we add the announcement of a formal and legal reduction in salaries that exceed the meager level of 400 pesos, and other restrictions on active and retired workers, within a general adjustment policy that Governor Jorge Escobar as well as national officials think is indispensable, we could not hope to see anything else but general disgust.

The government is convinced that this is the right policy and that implementing it is a matter of conscience. No one can simply suppose, however, that everyone else will share that belief, and that the implementation of measures to that effect will not prompt people's resistance. The eagerness to explain the disturbances as the result of conspiracies seems to indicate this. Of course, the violence in San Juan is not an argument or a solution, and it is not justifiable as an answer. The measures, however, are not easy to explain unless they fall on receptive ears and are supported by situations of obvious gravity.

San Juan has suffered, for quite some time, a painful need for structural reforms. The province's interior is in a state of almost total neglect, and suffers growing emigration, particularly toward the neighboring provinces of Mendoza and San Luis. In addition, according to official figures, the local unemployment index doubled between last October and May of this year. In this climate the official answer has been — as the only alternative and as in other provinces — to put people on the public payroll. But the government did nothing when the time came to rationalize spending and put order into the fiscal administration, which only made the problem more acute.

The dark events that ensued — the vandalism and pillaging that took place in the city's downtown area, and yesterday affected surrounding areas as well — are very serious problems that society has the duty to face. But they are no surprise. On the contrary, they are the foreseeable result of the disorder and stagnation that has prevailed for years as official policy and sooner or later had to be corrected, bringing to light the reality that the authorities had wanted to hide.

Brazil

U.S. Military Policy, Williamsburg Meeting Viewed

PY0108184895 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Jul 95 p A4

[From the "Destaque" Column by Antonio Carlos Pereira]

[FBIS Translated Text] The transition period that followed the end of the Cold War naturally generated indefinitions in the U.S. foreign and military policies, and affected Brazil and the other countries of the hemisphere. For example, there was a false impression that Washington wanted to transform the Latin American and Caribbean Armed Forces into simple militias, thus

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

allowing the United States to monopolize the external protection of these countries. It was also thought that the United States wanted to transform the military into police forces to combat drug trafficking beyond U.S. borders. People saw fire where there was simply smoke. They were mistaken perceptions based on another mistake: The U.S. Departments of State and Defense, which were adapting their policies to the post cold-war period, did not take the trouble to evaluate the impact of their rough copies and brainstorming [given in English] efforts on Latin American governments and military institutions.

The military ministries and staffs in Brasilia were not exempt from these mistaken beliefs. The superior military schools in Rio de Janeiro increased this confusion by working on the hypothesis that envisaged an hemispheric order based on a declared and total U.S. hegemony. Not every countries in the hemisphere considered this new world order a threat to their interests: Argentina, for example, was linking its strategic interests to those of the Americans as it was trying to balance its regional interests within the context of Mercosur [Common Market of the South]. Colombia only reacted to pressures on its sovereignty and its legal system once it attained a minimum level of internal stability that would allow it to cooperate with the United States in combating drug trafficking, a problem that affects all Colombian institutions, without giving up its national prerogatives. Two years ago, when U.S. troops —in units never larger than 100 men — carried out joint military exercises with the armed forces of several countries bordering Brazil, the Brazilian military briefly upheld a "fence theory."

Since then, the U.S. State Department and the Pentagon realized they would only attain their objectives if they treated the countries of the hemisphere, especially Brazil — the largest and most important in the region and the one that most vehemently rejected military cooperation with the United States — in a more respectful and sensitive manner. Many of these objectives can be shared. It is more important, however, to understand the principles of the new U.S. policy and see if they are compatible with Brazilian foreign policy objectives.

Now that the regional and parochial tensions that the east-west confrontation concealed no longer exist, the United Sates has concluded it was not capable of unilaterally administrating the world. It thus begun to seek multilateral and regional commitments to divide the political responsibility and financial burden. Within this general concept, the western hemisphere cannot remain isolated from global problems. For Brazil, this vision of the region's role, rather than being an obstacle, should mean an invitation to cooperate. In all, Brazil maintains a global trade policy and its participation in multilateral organizations must be increasingly active to the point that Itamaraty wants Brazil to hold a permanent seat on the UN Security Council. The two general policies are not contradictory.

This means making the short and medium term objectives of the two countries compatible. The defense ministers of the entire hemisphere, except for Cuba, verified in Williamsburg that it is possible to work on general principles that lead to cooperation without subordinating national policies or harming sovereignties. Itamaraty and the U.S. Department of Trade are currently working on a document that instead of analyzing disputes, examines and exploits the possibility of encouraging trade and financial relations between the two countries. It would not be pretentious to say that a new era of opportunities is opening within hemispheric relations. Let us try to take advantage of it.

Cardoso: Privatization Is Not Denationalization

PY0108212495 Sao Paulo AGENCIA ESTADO in Portuguese 0017 GMT 1 Aug 95

[By Claudia Carneiro]

[FBIS Translated Excerpt] Brasilia, 31 Aug (AE) — During the next 15 years Petrobras [Brazilian Petroleum Corporation] will supply petrochemical gasoline to the Southern Petrochemical Company (Copesul), which will invest $1 billion to double in size the petrochemical center located in Rio Grande do Sul. A protocol of intention to this effect was signed at Planalto Palace today in the presence of President Fernando Henrique Cardoso. In an optimistic speech the president said that the government had "closed the mouths" of those who believed that privatization would entail denationalization.

"This action shows how easy it was to coordinate the public and private sectors, which is an essential point," Cardoso said to the Rio Grande do Sul entrepreneurs and state lawmakers, who attended the ceremony in large numbers. "It is no longer a matter of knowing who overpowers whom, or who has the privilege of the monopoly, which is a sad privilege that causes problems. The point is to know who is actually able to multiply the wealth."

In a strong speech in which he criticized the estimated recession figures for Brazil, Cardoso left no room for doubt: "All those who were afraid of the privatization process, because they thought it would entail denationalization, have had to shut up, because there was no denationalization whatsoever," he said. "It was, on the contrary," he went on, "a show of force by national savings, which we have to boost." [passage omitted]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Cardoso:'Victim' of Economic Team 'Infighting'

PY0108161895 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 1 Jul 95

[Report by Luis Augusto Mendonca from Brasilia]

[FBIS Translated Text] Rio Grande do Sul Governor Antonio Britto said yesterday in Brasilia that disagreements among the economic team members are hindering the tax reform. After meeting with President Fernando Henrique Cardoso in Planalto Palace, Governor Britto said that the infighting within the economic team must stop because the team is obliged to present a tax reform so as not frustrate the country.

[Begin Britto recording] The president of the Republic is really a victim of a disagreement within the economic team. For the past eight months proposal A has not come to terms with proposal B. The president is a victim, like all the rest of us. I think that after the reprimands the president is making, and given the fact that the president has appointed Justice Minister Nelson Jobim as mediator for the economic team members, I hope that the problems will be overcome and that things will come to term. When I hear about these disagreements over the tax issue, I feel as though I were attending a soccer match being played without a ball. There is no tax proposal. Everyone is talking, but what are they discussing? [end recording]

Governor Britto added that the government must first present a tax reform proposal and then allow time for discussions and negotiations, not permitting a war among governors and mayors, and thinking about the future of the country.

'Fiscal War' Over Tax Exemption

PY3107173795 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Jul 95 p A4

[Article by Isabel Braga]

[FBIS Translated Text] The fiscal war among the states has reached the Federal Supreme Court (STF). There are at least three direct lawsuits on unconstitutionality and a court injunction in which state administrations question the use of Goods and Services Movement Tax [ICMS] exemptions to attract investment.

Sao Paulo is the main target. Two lawsuits and a court injunction have been filed against former Governor Luiz Antonio Fleury Filho. The Sao Paulo administration has also filed a lawsuit against the benefits offered by the Rio de Janeiro administration, including exemption from paying ICMS for five years for companies that build facilities and operate in the state. So far, none of these lawsuits has been ruled on by the STF.

The Parana and Amazonas administrations have filed two lawsuits on unconstitutionality against Sao Paulo over a decree implemented in 1993 which granted businessmen more time to collect taxes on the sale of computer hardware and software. In its lawsuit preamble, Parana Government states that the decree harmed its interests because by cutting the tax, "it reduced the competitiveness of Parana informatics companies."

Patent Law 'Already in Force in Brazil'

PY0108212095 Sao Paulo GAZETA MERCANTIL in Portuguese 28 Jul 95 p A6

[Article by Fernando Dantas]

[FBIS Translated Text] The GATT agreement is already in force in Brazil. As far as intellectual property rights are concerned, pharmaceutical enterprises, for example, can already register patents for their products and processes. The Brazilian Intellectual Property Rights Association (ABPI) issued a formal statement upholding this controversial position.

The ABPI announced that complex ongoing negotiations on the patent law at the Senate are — to say the least — redundant, especially those dealing with the points contradicting the so-called TRIPS, an English acronym for the intellectual property rights agreement within the Uruguay Round. If the agreement is already in force in Brazil, it is meaningless to discuss whether or not some of its terms will be implemented.

ABPI argues that a "failure to comply with TRIPS would compel Brazil to defend itself again in the international arena, this time before the World Trade Organization (WTO)."

ABPI counselor Luiz Leonardos said that, based on TRIPS regulations, enterprises can ask the National Institute of Industrial Property (INPI) to register their patents. He did not say if the INPI, which upholds the government position, will endorse this point of view. Based on this thesis, enterprises might take legal action if INPI grants no patent, or if it does not recognize other rights provided for under TRIPS.

Leonardos, executive president of the International Association for the Preservation of Industrial Property Rights (AIPPI), is a partner in the Momsen Leonardos industrial property office in Rio de Janeiro. He said the validity of TRIPS is based on a government omission. The temporary provisions of the Uruguay Round make it possible for countries to postpone the implementation of parts of the agreement for one year (from the implementation date of 1 January 1995) or, in some cases, for four years.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

ABPI explained, however, that Brazil missed this chance. In December 1994, through a congressional decree and a subsequent executive branch decree, Brazil approved the Final Act of the Uruguay Round "without reservation." This point is essential.

ABPI believes the GATT agreement immediately came into force because no reservation was made.

Consequently, the GATT points that are already in force — even if they contradict some current laws or the patent bill being studied by the Senate — are the extension of the patent validity term from 15 to 20 years; the patents law in the pharmaceutical and biotechnology sectors; and the elimination of the so-called "compulsory license" in the case of products that are systematically imported into Brazil.

Government Concern: Enriched Uranium Stocks

PY0208001795 Sao Paulo GAZETA MERCANTIL in Portuguese 29 Jul 95 pp A1, A5

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] A group of creditors involving the U.S. company Nuexco Trading Corporation (NTC), which markets uranium concentrate and enriched uranium and belongs to the Oren Benton group, has staggered the nuclear market and directly affected Brazil.

The Strategic Affairs Secretariat (SAE) has sent Roberto Nogueira da Franca, president of Nuclear Industries of Brazil, Inc., to Denver to join the club of international creditors. Among the creditors are huge groups, the owners of several nuclear centrals that operate on uranium supplied by Nuexco or receive the payments on the quantities established in contracts. Denver, Colorado, houses the lawyers' office that is handling the NTC group of creditors.

Last year INB broke the rental contract with Nuexco AG, a subsidiary of NTC headquartered in Switzerland, because the enterprise failed to make the scheduled deliveries on time. "We have to receive the equivalent of 25 tonnes of uranium concentrate, which means more or less 15 days of production by the Pocos de Caldas unit. Its market value is $425,000," says Alexandre Rodrigues de Oliveira, who is responsible for the INB's safety, quality, and environmental areas. He is also an INB social communications adviser.

Nogueira da Franca's mission has major implications for the future of the Brazilian nuclear program. The INB, which is concerned about the uranium market shock, wants to make sure that its enriched uranium stocks — which are stored at Siemens facilities in Germany — do not risk eventual confiscation. Nogueira da Franca will be in Frankfurt and Nuremberg "to clarify the technical-legal status of the material stocked at Siemens, which is destined for future reloading of Angra-1 and for the first nucleus of Angra-2," says an SAE report published by the DIARIO OFICIAL on 23 July. The report justified the trip by the INB president and by two advisers.

Oliveira said that the stocked materials are also destined for the first loading of Angra-2, which in 1998 will be ready for testing at the plant's reactor vessel. The second Brazilian nuclear central, which was built in partnership with Germany, will be tested in 1999.

In Paris, the INB president will contact the Compagnie Generale pour les Materieux Nucleaires (Cogema) to talk about a partnership scheme for participating in public biddings. In those biddings the French enterprise will offer the technology for a kind of container for placing the reactor's used material in a smaller place, inside the pool. The INB will offer specialized manpower and its industrial facilities.

The INB, which is located in Resende, Rio de Janeiro State, owns uranium mines in Pocos de Caldas (Minas Gerais), Lagoa Real (Bahia), and Caetete (Ceara). The uranium extracted from the rocks is transformed into powder and into paste. After purification the concentrated material is christened "yellow cake" because of its yellowish color.

This is the material that the INB supplied to Nuexco Ag in 1993, in a rental contract that was considered a good deal for Brazil, because at that time there was a surplus on the international market. Brazil was paid $1.75 million by Nuexco Ag. for the "leasing" [preceding word in English] operation in that period.

The concentrated uranium is sent to the Urenco consortium, a three-nation company formed by German, Netherlands, and British enterprises, which enriches the material and sends it to the Siemens stock facilities. From the German ports the enriched uranium is sent in pellets to Resende, where the INB makes the fuel element. This process consists of placing the pellets into the rods that make up a grid. From Resende the material is shipped to the Angra-1 plant, and in the future to Angra-2.

The shock on the uranium market has occurred during the year marking the 20th anniversary of the nuclear accord signed with Germany, and also in the year when a decision was made to complete the construction of Angra-2. The Brazilian Nuclear Energy Association (ABEN) has said that prospecting work over 30 percent of national territory has revealed that Brazil has the world's fifth largest uranium reserves.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Chile

Government Rejects Amnesty Law Interpretation

PY0108184695 Santiago EL MERCURIO in Spanish 26 Jul 95 p C3

[FBIS Translated Text] The government yesterday reaffirmed that it will not support a new interpretation of the Amnesty Law, which has been enforced since 1978, because the judicial branch is the only autonomous government branch that can fulfill this duty.

Government Secretary General Jose Joquin Brunner praised Supreme Court President Marcos Aburto, who requested an interpretation of this law, but reaffirmed the presidential decision on this issue.

The inter-ministerial political team met again yesterday at Government House to discuss recent developments in the Letelier case. The team also discussed recent demonstrations by Army officers at the Punta Peuco jail, where former Brigadier Pedro Espinoza is serving his sentence.

The political committee, which now includes Justice Minister Soledad Alvear, has held two extensive meetings to discuss this issue in the past few hours. On the evening of 24 July, it met with President Eduardo Frei at Government House and then met with the presidents of parties that comprise the CPPD [Coalition of Parties For Democracy] at Interior Minister Carlos Figueroa's residence.

Asked about this last meeting, Brunner said the objective was to exchange views on recent national events.

He explained why the government did not believe it was suitable for Defense Minister Edmundo Perez Yoma to travel to the United States to attend a continental meeting. Brunner said under the current circumstances it is not advisable for Perez Yoma to be absent from the country. He denied, however, that Chile's image abroad will be affected by this decision.

Brunner said: "The only thing that may affect our image abroad is an impression that national sectors are unwilling to comply with the institutional order."

Brunner added that another issue that may affect Chile's image abroad is the impression that there is no willingness to advance on the reconciliation process within the framework of the state of law.

Brunner insisted that the executive branch is convinced all national sectors are truly interested in national reconciliation in compliance with the law.

He said: "The fundamental issue is to act with moderation; not to look for hasty solutions or to promote actions that may exacerbate the situation."

Because the conclusions of the executive branch contradict the Army's demonstrations, about which the administration is concerned, Brunner said actions "that are incompatible with the desire of all Chileans to create a suitable atmosphere should not take place because they cause tension and give wrong signals."

Opposition Examines Human Rights Issue

PY0108211295 Santiago LA TERCERA DE LA HORA in Spanish 12 Jul 95 p 7

[Article by Alfredo Gonzalez]

[FBIS Translated Text] The "draft" proposal "for peace and the future" prepared by the pact Union for Chile has three great pillars in the search for immediate measures to find a solution to the pending problems on human rights in Chile.

According to information gathered by LA TERCERA, the proposal is being perfected by the political committees of the Democratic Independent Union (UDI), National Renewal (RN), and the Party of the South.

UDI Vice President Deputy Andres Chadwick said the proposal has "three essential steps" for reconciliation.

First, an agreement must be reached in the sense that the Amnesty Law (of 1978) must have full effect on those who committed crimes during the time covered by the law. In this regard, a great discussion is still going on. There are disagreements in the Coalition of Parties for Democracy on the extent of the law. The basic element for an agreement is the interpretation of that law, and the phrase "this will serve to solve the entire human rights issue until 1978."

The second aspect refers to the events after 1978, and in this regard the idea is to expedite the cases that are not covered by the Amnesty Law, "because it is no longer possible to have 10, 13, or 15 years go by without a final solution."

The third aspect is aimed directly at clarifying the problem of the people who were arrested and who are missing, at searching for the best way or for the proper institutions to help determine the whereabouts of those people.

Court Rejects Request for Contreras Injunction

PY0108160495 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 1 Aug 95

[FBIS Translated Excerpt] The request for an injuction in General Manuel Contreras' favor was rejected.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Yesterday the third chamber of the Concepcion Appellate Court rejected the request for an injunction preventing the transfer of the former DINA [National Intelligence Directorate] chief to the Punta Peuco prison.

It is quite likely that his lawyer will appeal the decision before the Supreme Court. Moreover, the physicians of the Talcahuano Navy Hospital might decide to operate on him for a hernia, which might require that he remain in the hospital for a few more weeks. [passage omitted]

Colombia

Samper Calls for Calm, Orders Silence on Charges

PA0108195195 Mexico City NOTIMEX in Spanish 1818 GMT 1 Aug 95

[FBIS Translated Text] Santa Fe de Bogota, 1 Aug (NOTIMEX) — Colombian President Ernesto Samper today called for calm and ordered his ministers to abstain from issuing opinions on investigations into the alleged infiltration of his campaign by drug trafficking money.

In a statement issued from the presidential palace, the Colombian president, whose image has deteriorated in the wake of charges of alleged Cali Cartel financing of his campaign, called for calm to move the country forward.

"The government has and will continue to support all processes advanced by the Prosecutor General's Office," Samper said. He underscored that "the president is more interested than any citizen in having justice and truth prevail."

Samper said that he sent a presidential order to his ministers asking them to "abstain, as of this date, from issuing public opinions or creating controversies around documents or evidence that are part of judicial proceedings currently being carried out."

The investigation into the infiltration of Cali Cartel money in the campaign that led Samper to the presidency and the revelation of secret documents of the proceedings provoked a confrontation between the executive branch and the Prosecutor General's Office last night.

The Colombian government accused the judicial branch of promoting a campaign to tarnish the president's image and Prosecutor General Alfonso Valdivieso criticized the president for "discussing a procedural piece stolen from the Prosecutor General's Office."

The stolen document contained statements by Santiago Medina, presidential campaign treasurer, on the acceptance of drug trafficking money to finance expenses for electoral activities of the Liberal Party's presidential candidate.

"At this time when the country is waging one of its toughest battles against organized crime and common criminal activities, nothing would be less convenient for the maintenance of democratic stability than a rupture of the relations between the government and the Prosecutor General's Office," Samper said.

Samper recalled that the good relations between the State and the highest overseeing institution in the country "has helped us accomplish significant achievements, which have been recognized by the national and international public, such as the dismantling of the Cali Cartel."

He said that for the sake of Colombia, the government and the Prosecutor General's Office "we should remain committed to the great tasks of fighting drug trafficking, the defense of human rights, and the improvement of the conditions of Colombian justice."

Samper's statement was interpreted by analysts as a disavowal of defense and interior ministers Fernando Botero and Horacio Serpa, who yesterday called a news conference to discuss the document containing Medina's confession.

Samper Asks Ministers to Refrain From Public Statements

PA0208041895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 2 Aug 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] President Ernesto Samper, in a communique issued at Narino Palace today, tried to placate the anger of all sides. The communique was read by Presidential Counselor Juan Fernando Cristo.

[Begin Fernando Cristo recording] Today, I am issuing a presidential directive to all ministers, heads of administrative departments, and directors of decentralized institutions, in which I request that henceforth they refrain from making any public statements or discussing circumstances regarding facts, documents, or evidence that are part of a legal process at the preliminary hearing stage. The administration hopes in this way to contribute to the necessary prudence and discretion that should surround this process and which all public officials should maintain to guarantee the success of the investigations and the legitimate right of defense of those individuals accused or implicated. [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Chamber of Representatives Begins Investigating Samper

PA0208040895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 2 Aug 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The prosecutor general today sent the complete deposition of Ernesto Samper's campaign treasurer Santiago Medina to the Prosecutors' Unit of the Supreme Court of Justice to investigate whether Medina's assertion that Defense Minister Fernando Botero and Communications Minister Armando Benedetti received drug trafficking money to finance the campaign is true or not.

The Prosecutors' Unit of the Supreme Court will review the depositions of the ministers of defense and communications and will assess their legal status. This evaluation will then be forwarded to the Supreme Court of Justice magistrates who will make the final decision.

It is possible that the Prosecutors's Unit of the Supreme Court will call on Fernando Botero and Armando Benedetti this week to make a voluntary statement of their own free will.

Meanwhile, the Prosecutor Generals' Office will hear testimonies by other people whom Medina claims knew about the drug trafficking money presumably given to the campaign of the current president of the Republic.

It seems the Prosecutor General's Office collated copies of Medina's deposition early yesterday prior to the controversial news conference. According to credible sources, Minister Botero's situation is difficult because in addition to Medina's testimony, there are supposedly other documents with Botero's name.

A Chamber of Representatives' Accusations Commission today decided to begin an unofficial [oficiosa] investigation to assess the conduct of President Ernesto Samper in financing his political campaign, which reportedly received drug trafficking monies. The Accusations Commission will appoint an investigator before Thursday who will be tasked with presenting within 30 days a report on the investigation into President Samper's actions.

If it is established that more than one person should stand trial the investigation may be extended to 60 days. The "Seven O'Clock Newscast" has learned that the Accusations Commission has four more investigations on President Samper: violating the Constitution, proceedural fraud, breach of trust [prevaricato], and crimes yet to be established by reports received by Congress.

The Prosecutor General's Office has just forwarded a certified copy of case no. 8000 to the Chamber of Representatives Accusations Commission for investigation of the president of the Republic, as was requested two days ago.

Conservative Party Demands Resignation of Ministers

PA0208033295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 2 Aug 95

[Report by Orlando Guerrero from the "Seven O'Clock Newscast"]

[FBIS Translated Text] The Conservative Party also came forward to speak on the serious crisis that the country is experiencing. In a meeting of the party's executive board, it demanded from the president the heads of Interior Minister Horacio Serpa and National Defense Minister Fernando Botero.

[Begin Conservative Party Director Jaime Arias Recording] The best contribution that the Interior Minister and the Defense Minister could make to this process would be their resignation. [end recording]

This was the main conclusion reached by the conservatives after the party's board of directors met to analyze recent events that have rocked the Samper Administration. Although they did not dare to point out the guilty or innocent parties in this scandal regarding drug-trafficking money in the political campaign, they did believe that in yesterday's news conference held by the interior minister and the defense minister, the high-ranking officials did commit inappropriate acts.

[Begin Arias recording] That ministers made use of a document, which they claim reached them through anonymous channels, is so serious that is could end up being the start of a process similar to Watergate. I hope this does not happen [words indistinct]. [end recording]

The director of the Conservative Party added that if this decision bothered the administration, the president could at any time remove the Conservative Party ministers.

In conclusion, the director of the Conservative Party has given President Samper a 15-day deadline, or at most, one month, to explain everything that is happening in the country. If that does not occur, they will withdraw from the administration.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Supreme Court Fails To Find Evidence Against Congressmen

PA0208041995 Madrid EFE in Spanish 0002 GMT 2 Aug 95

[FBIS Translated Text] Santa Fe de Bogota, 1 Aug (EFE) — The Colombian Supreme Court of Justice ruled that it had found no evidence against 20 congressmen who had been linked to a case of alleged complicity with the Cali drug cartel, but that there was no reason why the inquiry against the congressmen should be discontinued.

The names of most of the 20 congressmen involved in the case had already been disclosed by the Office of the Prosecutor General during the month of March, and the names of others were added to this case after several "narcolists" were uncovered during search operations to the homes and offices of the Cali cartel leaders.

The investigation, one that has caused the greatest scandal in the country's judicial and political history, is aimed at determining the real links between several congressmen to drug-related business activities.

A similar investigation being conducted by the prosecutor's office is intended to determine if Ernesto Samper's political campaign had received contributions from the drug mafia.

The Supreme Court's Penal Bench, which is conducting the process against the congressmen, insisted that the evidence presented by the prosecutor's office was insufficient to open a penal investigation, or to suspend the investigations.

According to the court, the evidence at hand "is insufficient to determine if the accused are exonerated, or if a penal inquiry is to be opened," Magistrate Jorge Enrique Valencia explained.

At any rate, the supreme court magistrate added, additional evidence will continue to be gathered.

Among others, the "narcolist" includes Attorney General Orlando Vasquez, Comptroller General David Turbay, as well as Alvaro Benedetti, former president of the Chamber of Representatives.

The court's verdict comes at a time when Colombia is going through a crisis prompted by a virtual clash between the executive branch and the prosecutor's office.

Defense Minister Fernando Botero, Interior Minister Horacio Serpa Uribe, and the Office of the Prosecutor General are accusing each other of leaking information to the media, and of having violated summary proceedings privilege.

Ecuador

Deputy Minister Notes Need for Confidence in Border Talks

PA0108130295 Quito Voz de los Andes in Spanish 2300 GMT 31 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordoba stated that there are still more measures of confidence needed in order for Ecuador and Peru to initiate direct talks about the border conflict. We have overcome one difficulty, which is to mark the border to be demilitarized. We have yet to achieve, however, important agreements to fulfill the most important paragraph of the Itamaraty Agreement, which is that the two parties must sit down to negotiate the existing impasse.

He reiterated that the Ecuadoran detachment at Banderas is not included in the demilitarization agreement reached last week by the governments of Quito and Lima.

On 4 September, the mission of observers will end its second permanent period in the vicinity of the zone where fighting occurred between the Ecuadoran and Peruvian troops early this year.

Minister Leoro: Banderas Not in Demilitarized Zone

PA0208033395 Quito Voz de los Andes in Spanish 1700 GMT 1 Aug 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Consulted about Peru's version that the Banderas post is in the demilitarized zone, Ecuadoran Foreign Minister Galo Leoro Franco explained that this was a point of discrepancy in the beginning, but that during the negotiations it was agreed that Banderas should not be included in the demilitarization process. In view of this circumstance, he said there are still interpretations that do not correspond to the facts.

Leoro recalled that the Ecuador-Peru Multinational Observation Mission [MOMEP] visited Banderas to determine its geographical position and will stay there until tomorrow, when the demilitarization agreement becomes effective. He also said that Ecuador has cleaned 90 percent of the mines that existed at the border and that only a few are left in the areas that were evacuated.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Minister on Need for Confidence-Building Measures

95SM0453A Quito HOY in Spanish 31 Jul 95 p 2-A

[Received via Internet]

[FBIS Translated Text] Quito, 31 July—Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordova declared that the confidence-building measures needed to enable Ecuador and Peru to sit down and discuss their territorial dispute are still lacking.

As a first step the, border must be reopened. Peru's diplomatic representation in Ecuador must also be normalized, because the Peruvian ambassador continues to be absent from his country's embassy.

We have overcome one difficulty, Fernandez de Cordova said, but we still have some very important accords to reach in order to implement the most significant clause of the Itamaraty declaration: namely, that the parties sit down to negotiate the remaining impasses. These accords, he explained, will have to be prepared gradually and with the participation of the guarantor countries.

He said that neighborhood organizations must also be created, or revived—in cases where they already exist—so that they can become operational again.

As for the objections raised in some circles in Lima with regard to the situation of the Banderas detachment, he emphasized that a comparison of the demilitarized zone resulting from the accord with the one that the observers had proposed shows it to be totally different, precisely in order to exclude that Ecuadoran outpost.

He said the demilitarized zone was created in response to the reality of the situation and to the pacification process that has been taking place until the present moment and that has involved the separation of the opposing forces—an action that in practice had the effect of gradually creating this zone.

He announced that the military observers will withdraw within the next few days from the Banderas detachment, where they have been stationed for some time.

"Anything is possible," he said, in commenting on the possibility that direct talks between the two countries concerning the principal aspect of the dispute might be held before the end of President Duran Ballen's term in office.

The Brasilia Agenda

Fernandez de Cordova explained that it will not be necessary to amend the demilitarization accord reached in Brasilia, inasmuch as it was approved by the liaison officers of both countries on 25 July in Lima and endorsed by their respective governments.

He said, however, that the negotiating table in Brasilia will be an indispensable instrument for securing approval of the procedural manual that the observers will use in the second phase of their mission, which is now in progress.

He declared that the preparation of this procedural manual is in a very advanced stage, and that an analysis of the manual had already been initiated at the most recent round of talks in Brasilia.

He added that the manual should make provision for what will happen after the end of the second 90-day period during which the observers' presence in the zone of the conflict, so that no vacuum will be produced after this period ends next September.

Fernandez de Cordoba then predicted that the manual will be approved by both parties without any major problems.

He explained that other aspects of a political nature remain to be defined and that they will also be on the agenda of the Brasilia conference, which has not ceased its activities but merely suspended them.

Fujimori's 'Conciliatory Attitude' Praised

95SM0453B Quito HOY in Spanish 31 Jul 95 p 1-A

[Received via Internet]

[FBIS Translated Text] Quito, 31 July—Relations between Ecuador and Peru have taken a new turn since the meeting of Presidents Duran Ballen and Fujimori in Argentina; the conclusion of the accord regarding the demilitarized zone; and Fujimori's inaugural address, in which he displayed a conciliatory attitude.

The complicated negotiations concerning the demilitarized zone prevented the normalization of relations between the two countries. This situation contained the seeds of a possible confrontation, and—even more obviously—the border populations have been the victims of the lack of order, because they are bound together by family ties, commerce, and relations of every kind that continue to be disrupted.

It is significant that upon assuming office for a second term, the Peruvian head of state refrained from addressing the situation from a warlike or triumphalist perspective. Instead, he hailed the auspicious results achieved following the war and expressed his desire to visit Ecuador on the occasion of the Rio Group's summit next September.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Ecuador—which defended its heritage with dignity and skill in the hour of conflict—must have the wisdom and openness to handle the situation in this new phase, particularly in President Duran Ballen's report to the nation and also during the election campaign.

In this connection, Duran Ballen's address next 10 August will be a tacit response to Fujimori's words and should be viewed in that light. And although the election campaign is starting out in an atmosphere of brutal political confrontation, it must not allow extremist positions and false patriotism to injure Bolivia's permanent interests.

Peru

Ecuadoran Troops 'Mobilized' on Peruvian Border

PY0108211895 Lima LA REPUBLICA in Spanish 25 Jul 95 p 14

[Report by correspondent Manuel Pereyra in Tumbes]

[FBIS Translated Excerpt] Even though the Peruvian Government and Armed Forces are being prudent and cautious — seeking to help the demilitarization process on the border with Ecuador progress — Ecuadoran troops, in an open act of provocation last weekend carried out an unusual mobilization of troops at a strategic point on the border near Zarumilla.

The troop movement took place along the border, most obviously near the Peruvian hamlet of La Palma, El Papayal district, Zarumilla Province.

This belligerent attitude openly contradicts the Itamaraty Peace Declaration signed in compliance with the Rio de Janeiro Protocol that is being implemented with the help of the Mission of Military Observers for Ecuador and Peru in the Upper Cenepa zone.

This correspondent and other witnesses in La Palma observed groups of 30 to 40 Ecuadoran soldiers patrolling the zone, in fatigues and helmets, carrying modern German-made long-range rifles.

The Ecuadoran trenches are in a town called Chacras.

In this same zone one can see areas surrounded by barbed wire, a green ribbon, and wooden posts zigzagging some 3 to 4 meters from each. There is also a yellow poster warning Ecuadorans of mines.

Peruvians living near the border have said they have seen groups of Ecuadoran soldiers recently carrying out strange movements, adding that they have seen an Ecuadoran helicopter overfly the entire border.

It has been unofficially reported that Ecuador will continue to plant mines along most of this border sector thus violating the promise to clear them, as the Peruvian Government has repeatedly requested.

The Peruvian Army has not denied this information and continues to patrol the entire border as usual. [passage omitted]

Demilitarized Zone With Ecuador in Effect as of 1 Aug

PY0108172595 Madrid EFE in Spanish 0908 GMT 1 Aug 95

[FBIS Translated Text] Lima, 1 Aug (EFE) — The demilitarized zone between Peru and Ecuador was put into effect today, 1 August. Thus was put into practice between the two countries an understanding arrived at with difficulty in the pacification process involving the border region where they staged an armed confrontation.

The demilitarized zone was enforced at 0000 today, 1 August (0500 GMT), following the agreement reached by the two countries on 26 July to establish the extension and content.

The agreement between the two parties ended the more than two months of uncertainties and suspense in the negotiations that Peru and Ecuador began in March, in the wake of the undeclared war they waged from 26 January to 28 February 1995.

The demilitarized zone comprises a total extension of 528 sq km, of which 266.64 correspond to Peru and 261.36 to Ecuador, according to a communique released on 26 July by the Mission of Observers of the Guarantor Countries (Argentina, Brazil, Chile, and the United States) in charge of carrying out the pacification process.

On the Peruvian side, the following posts have been included in the demilitarized zone: Watch Post One [PV1], Base Sur, Tihuinza, Cueva de los Tayos, and Base Norte. On the part of Ecuador, the watch posts included are Mirador, Zumbi, Banderas, and Coangos.

The agreement reached by Peru and Ecuador has cleared the path for the pacification process, which was bogged down by Ecuador when it rejected, in May 1995, the original proposal for a demilitarized zone submitted by the mission of observers.

That proposal was approved by Peru, but the disagreement of one of the parties made it unfeasible, bringing the peace negotiations to a halt.

These disagreements resulted in failure to find a point of rapprochement during the meetings held in Brasilia in June 1995, at which the deputy foreign ministers of Peru — Eduardo Ponce — and Ecuador — Marcelo Fernandez — were present, in addition to representatives of the guarantor countries.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The meeting was called by the guarantor countries in an attempt to achieve an agreement between the two countries on a demilitarized zone, among other points.

The meeting did not yield the expected results and it was suspended indefinitely after four days of negotiations. It was reported then that the point of disagreement was the extension and content of the demilitarized zone.

The uncertainty ended on 26 July when an agreement was reached whereby the demilitarized area "must be understood" as "a zone in which no weapons or military elements must be kept by the parties, except in exceptional cases authorized by the Mission of Military Observers for Peru and Ecuador."

The agreement adds that such exceptions "include the detachments of Coangos in Ecuador and PV1 in Peru, where a maximum of 50 personnel, with individual weapons, may be kept."

The agreement has cleared the path to begin direct Peruvian-Ecuadoran bilateral negotiations with the contribution of the guarantor countries to solve their border disagreements, which is the immediate and final step provided for by the Itamaraty Peace Declaration that established the points for the pacification process between the two countries.

It was reported in Quito on 31 July that neither Peru nor Ecuador had soldiers or weapons of any type deployed in the demilitarized zone.

Peruvian Foreign Minister Francisco Tudela said that the demilitarized zone has the same strategic importance for both sides.

"The demilitarized zone covers a rectangular area of equivalent territory for both sides. What is inside or outside that zone is irrelevant, and what is sought is the strategic symmetry," Tudela said.

Fujimori Reiterates Demilitarized Zone Includes Banderas

PY0208035795 Lima America Television Network in Spanish 0100 GMT 2 Aug 95

[FBIS Translated Text] President Alberto Fujimori reiterated today that the Ecuadoran military base Banderas is included in the demilitarized zone of the upper Cenepa River region, which went into effect at 0000 today.

President Fujimori also confirmed that he will travel to Quito, Ecuador, in September to attend the Rio Group meeting. Today President Fujimori delivered six helicopters to the Air Police Division at the Callao base.

[Begin recording] [Unidentified reporter] As President Fujimori already announced during the independence anniversary celebration, Interior Minister Juan Briones Davila, National Police Director General Victor Alva Placencia, and General Antonio Ketin Vidal, police inspector general and chief of staff of the National Police, have been confirmed in their posts until at least December of this year. These officials attended the ceremony when President Fujimori delivered six helicopters to the Air Police Division for their use in drug enforcement. President Fujimori, who in a speech emphasized that drug enforcement is the responsibility of the police and the Armed Forces, praised their work. He noted that the country is practically alone in this struggle.

[Reporter] You were very emphatic in your speech about the need for help in the drug enforcement effort. Were you referring to the U.S. Government?

[Fujimori] I was referring in general to countries that use drugs. The cooperation in this regard is quite insufficient. Paradoxically, the demands on the coca producers are too large. Efforts are even being made to impose conditions on us that we do not accept.

[Reporter] A few hours after the beginning of the demilitarization of Base Sur and Watch Post One by Peru, and Coangos and Banderas by Ecuador, President Fujimori confirmed that the Ecuadoran military base Banderas is included in the demilitarization proposal made by the military observers of the guarantor countries. He also said that 50 men will be kept at Watch Post One, and the same number at Coangos.

Why do you think there are two different versions on the Banderas base, and what is the official position?

[Fujimori] I already said on 30 July at the military parade that the Banderas base, as we and the guarantor countries know it, is the Banderas base that was involved in the military operations in the upper Cenepa River region during the conflict. This is the Banderas base. It is possible that Ecuador may have another base named Banderas. There may be another base with that name, just as in Peru we have the name Cochas in various parts. There may be another post or detachment named Banderas. It is clear that the base involved in the conflict is within the demilitarized zone, and this can be verified on the map.

[Reporter] Has your trip to Ecuador been confirmed?

[Fujimori] It has been definitely confirmed, because Peru must be present as a founder of the Rio Group, and issues of continental interest will be discussed at that meeting. And naturally, the voice of Peru must be present for any eventuality. [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

President Fujimori was also relieved because his daughter, the first lady Keyko Sofia, is out of danger after a traffic accident involving one of the vehicles in the motorcade traveling on the road from Huaraz to Yungay, although the driver was not so lucky.

Withholding of U.S. Military Aid Criticized

95SM0436A (Internet) Peru DESCO Gopher in Spanish 20 Jul 95

[From Resumen Semanal 13-18 Jul]

[FBIS Translated Text] Commenting on this issue, Enrique Obando, an analyst of international issues, said that if the United States Senate ratifies the decision to continue limiting military aid to Peru during the period 1995 to 1996, this would be discriminatory treatment of our country as compared to Ecuador. "The United States is paying very careful attention to the results of the domestic war Peru has had to deal with for the past 15 years, a situation that has not existed in Ecuador, however, it has failed to accept as a violation of human rights what occurred during the clash in Alto Cenepa, where we still have 10 citizens unaccounted for and one prisoner, all of them Peruvians, a fact that has been admitted by the Ecuadoran authorities themselves," Obando says. "Ecuador has laid 60,000 mines in areas in which the civilian population moves about, and this too is a violation of the international agreements on human rights," he added. (GESTION 13 Jul 95)

Teachers', Construction Workers' Protests Noted

95SM0436B (Internet) Peru DESCO Gopher in Spanish 20 Jul 95

[From Resumen Semanal 13-18 Jul]

[FBIS Translated Text] The teachers employed by the state who are members of the SUTEP [Elementary School Workers' Trade Union] held a peaceful march to Congress Square on 12 July, the first day of the 48-hour strike decreed on the national level. Luberliz Caceres Tantarico, undersecretary general of the SUTEP, said that according to the reports received from the interior of the country, 90 percent of the 260,000 teachers affiliated with the teachers' union participated in this strike. The 48-hour strike was called by the SUTEP in support of the demand for an increase of at least 1,500 new soles in basic salaries, as well as in defense of free education and job stability, among other things. "We are going to concentrate on the schools in which we work in order to control the suspension of classes that has been observed in Lima and on the national level," this leader announced. The teachers are trying to focus the attention of the government on the need for improvement in their compensation and pensions. They said that "a teacher, regarded as the educator of our children and youth, is paid a starvation wage of only 400 new soles per month." (Most dailies 13 Jul 95)

On 13 July, several construction workers transformed the streets of downtown Lima into a battlefield when they clashed with police, using stones and sticks as weapons, during their violent protest march designed to force a response to their list of demands. Faced with the onslaught of workers attempting to reach the local premises of the Capeco [Peruvian Construction Board], the police had to use force and teargas to disperse the crowd. "In accordance with the laws on collective bargaining in effect, we submitted our list of demands to the Ministry of Labor, asking for an increase in our wages and salaries, four months ago. However, the Capeco, displaying an incomprehensible attitude, has refused to initiate direct talks with our union," national leader Jose Luis Risco said. "If they refuse to listen to us, we will launch a national strike for an indefinite period," Risco stated. (EL MUNDO 14 Jul 95)

Canale: Exports Up 25 Percent First Quarter

95SM0436C (Internet) Peru DESCO Gopher in Spanish 20 Jul 95

[From Resumen Semanal 13-18 Jul]

[FBIS Translated Text] At the opening session of the "Summit Meeting on Competitive Capacity" organized by PROMPERU, Minister of Industry Lilliana Canale announced that Peruvian exports were up by more than 25 percent in the first half of this year over the figure for the comparable period in 1994. However, she said that the part played by our exports in total international exports decreased (to less than 0.09 percent) because the business sector has not been seeking new markets in recent years. Currently, however, various sectors and enterprises are engaged in a series of efforts to convert and adapt to the new conditions in the economy. If the development of exports is viewed solely in terms of the rate of exchange, that is limiting, and this approach cannot be sustained over time. The rate of exchange is an element that will gradually tend to improve, but it will not be the factor that will make exports competitive, the minister stressed. She urged that the work that needs to be done be characterized by concrete actions to develop the competitive capacity of the country. On the subject of the balance of trade, Canale said that 40 percent of the imports made in 1994 and thus far in this year has been made up of capital goods and equipment intended entirely for investment projects that will generate future exports. Another 30 percent was accounted for by supplies and raw materials needed by the productive sectors. "Approximately 70 percent

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

of the imports are intended for the development of exports," she noted. Michael Fairbanks of the Monitor Company, a consulting enterprise in the United States, said that since 1960, Peru's exports have declined by 6.1 percent, because the country decided to compete in the export of commodities (cotton and copper, among others) in sectors where there is more competition—and as a result, a drop in prices—but there was no effort made to develop our comparative advantages. (Most dailies 14 Jul 95)

Public Administration Agency Dissolved

95SM0436D (Internet) Peru DESCO Gopher in Spanish 20 Jul 95

[From Resumen Semanal 13-18 Jul]

[FBIS Translated Text] On 12 July, the government majority in the Congress decreed the dissolution of the National Institute for Public Administration [INAP], as well as the virtual administrative reorganization of the Ministry of Education. Representatives of the opposition, including Julio Castro Gomez, said that with the approval of this law, such organizations as the SUTEP [Elementary School Workers' Trade Union], the federations, and the various unions listed in the INAP Registry of Public Organizations are left in a kind of limbo. He said that this could be taken as a pretext for limiting the right of the organizations to unionize. The proposal orders the virtual reorganization of the Ministry of Education, for its part, with Congressman Oswaldo Sandoval, apparently without the approval of the Education Commission. During the vote, the government majority also won out, although in this case there was agreement on a correction to ensure that the process of reorganization will not give rise to operational changes in this sector. The Ministry of Education was authorized to make new appointments, to sign new employment contracts regardless of form or method, and to create, modify, or reclassify positions on the basis of their situation as of 31 December 1994. The only limitation in this connection will be the budget framework set forth in the General Budget Law of the Republic for this year. (Most dailies 13 Jul 95)

Refinancing of Debt Discussed

95SM0436E (Internet) Peru DESCO Gopher in Spanish 20 Jul 95

[From Resumen Semanal 13-18 Jul]

[FBIS Translated Text] At a time when Peru and the creditor banks are negotiating a debt reduction agreement within the framework of the Brady Plan in New York, the government published a supreme decree in the 12 July issue of the official daily gazette EL PERUANO that practically concluded the cancellation of Peru's foreign debt. The norm would refinance about $900 million of the remaining sum of slightly more than $1 billion of Peru's foreign debt to the creditor banks. As is known, some weeks ago, Peru purchased foreign debt paper with a nominal value of $2 billion on the secondary market, investing therein approximately $1 billion of Peru's reserves. The total debt to commercial banks, of which the principal amounted to $3.15 billion, excluding interest, will now be reduced by up to $900 million based on the decree published, provided that these funds are used to purchase Peruvian state enterprises. The decree approves the contract signed on 18 June 1995 modifying the terms of the refinancing agreement signed with the creditor banks on 31 May 1983, so as to allow this debt paper in particular to be used by the holders in the process of privatizing Peruvian public enterprises, within the framework of Law 26250. The debit is thus being paid off by exchanging it for state enterprises in the process of being privatized. The norm specifies that the official foreign debt negotiator, Jorge Peschiera, will sign this contract with the creditor banks. Peschiera is in New York at the present time. (EXPRESO 13 Jul 95)

Statistics Show 33 Percent of Youths in School

95SM0436F (Internet) Peru DESCO Gopher in Spanish 20 Jul 95

[From Resumen Semanal 13-18 Jul]

[FBIS Translated Text] In Peru, there are 8.45 million children under 15 years of age who constitute 36 percent of the national population. It is estimated that 650,000 babies are born annually. According to the National Institute of Statistics and Information Science [INEI] figures, 39 percent of the children between 6 and 14 years of age attending primary school are lagging behind. In other words, four out of every ten children are older than the standard age for the grade they are in. Access to schooling differs depending on the area of residence and the gender of the student. For example, school attendance in the urban sector is 90 percent, while in the rural sector it is only 79 percent. In terms of school attendance by sex, 87 percent of the boys are in school, while on the other hand, attendance is lower—only 85 percent—for girls. Of the minors between 6 and 14 years of age, 86 percent are involved in the national educational system. However, 669,000 children in this group—or in other words 24 percent—are unable to read or write.

According to Felix Murillo, the head of the INEI, the rate of chronic malnutrition in the children in the first grade of primary school is 48 percent, but rises to 64

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

percent in the rural sector. Another important factor is children's involvement in the labor market, to the extent that 435,000 children must work in order to contribute to the family income. In the group between six and nine years of age, one out of every 100 children is working, while among the minors between 10 and 14, three out every 100 play some role in the productive system or are seeking such a role. According to the INEI, there are 500,000 children in Peru who are working, while the Cuanto Institute says the figure is 1.237 million. (EL COMERCIO 16 Jul 95)

According to a UNICEF study entitled "The Education of Children and Adolescents in Peru," two thirds of the children employed are not involved in the educational system—or, in other words, do not attend school. Only 33 percent of the children and adolescents between six and 17 years of age are in school. In the rural zones, only 20 percent of the children and adolescents who are working also attend high school. With totally negative conditions such as long labor days, an unhealthy environment, and low wages, these large numbers of employed children and young people are working mainly in agriculture, domestic service, and informal trade. (LA REPUBLICA 16 Jul 95)

Fujimori Calls New Labor Law 'Bold'

95SM0436G (Internet) Peru DESCO Gopher in Spanish 20 Jul 95

[From Resumen Semanal 13-18 Jul]

[FBIS Translated Text] During the closing session of the forum entitled "Summit Meeting on Competitive Capacity," President Fujimori maintained that bold labor legislation that no preceding government has dared to enact has now been approved. He added that this legislation is consistent with the effort to relaunch the Peruvian economy, with the export of goods and services as one of its motive forces. The chief executive also stated that the private sector should initiate an aggressive program of investment, rather than waiting for further signals from the government. "It falls to the private sector now to speed up matters and follow in our footsteps, rather than continuing to wait for additional signals from the government before definitively embarking on a dynamic process of investment. The private sector and the government must work together in facing up to the vast task of generating investments, production, and employment," he explained.

He maintained that under this government, the state—in addition to creating a peaceful and tranquil social environment and overcoming hyperinflation—has carried out basic reforms. "These reforms are continuing. One of them is the Law on the Agrarian Regime, which will provide a proper juridical framework for the investments in agriculture," he added. He emphasized that "with this law, unlimited respect for private ownership of land, whether by natural or conventional, domestic or foreign persons, will be guaranteed." (Most dailies 14 Jul 95)

Statistics Show Most Settlements Not Registered

95SM0436H (Internet) Peru DESCO Gopher in Spanish 20 Jul 95

[From Resumen Semanal 13-18 Jul]

[FBIS Translated Text] There are more than 1,200 slum settlements in our capital, of which only 253—representing only about 20 percent—are duly recorded in the Lima Real Estate Registry Office. Of all the new settlements registered, 101 are in the eastern sector of the city—mainly in San Juan de Lurigancho, where there are 57. In the southern sector, there are 81 registered slum quarters, while the northern sector has 71. According to the calculations made by the Registry Office itself, there are approximately 1,256 slum settlements distributed as follows: 325 in the northern sector, 281 in the southern sector, and 650 in the eastern sector. According to the INEI [Institute of National Statistics and Information] statistics, almost 40 percent of the population of Lima lives in the so-called new slum settlements, and this is the reason that the solution to this problem is so important. (EL COMERCIO 17 Jul 95)

Land Reform Bill Discussed

95SM0436I (Internet) Peru DESCO Gopher in Spanish 20 Jul 95

[From Resumen Semanal 13-18 Jul]

[FBIS Translated Text]

Another Surprise

According to the daily newspaper GESTION (15 Jul 95), "The approval of the Land Law surprised even the majority of the representatives on the government party bench itself. When Carlos Torres y Torres Lara turned the proposal over for debate on Wednesday, 12 July, Congressman Carlos Leon Trelles had to take on the sacrificial role of the originator of the proposal in question. But it happened that in this case the representatives of the majority were not prepared to support the position that ownership of the land should continue to have limits. Members of Congress Lourdes Flores Nano, Fernando Olivera, and Rafael Rey became the principal defenders of eliminating all limits on ownership of the land. Meanwhile, Carlos

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Ferrero proved in the end to be the main opponent of the elimination of limits. Until a few weeks ago, President Alberto Fujimori himself had maintained that imposing limits was essential. On the day of the debate, the majority had already agreed that in the coastal areas, no limits would be established, but would in the mountain sectors (100 hectares under irrigation) and the forest areas (5,000 hectares). In the end, they threw in the sponge and agreed that there would be no limits established for any region. However, as a conciliatory measure and to calm the troubled waters, it was established that a marginal tax would be paid for land areas in excess of 3,000 hectares. Hours prior to the approval of the proposal, President Fujimori had put forth this proposal, with the support of Carlos Torres y Torres Lara. Although the tax—as yet not defined—does in reality impose a kind of limit, it is hoped that this will be the beginning of a process of modernization of the agrarian sector. One aspect of the law that drew attention was the offer of uncultivated land as compensation to the owners of land expropriated by the agrarian reform measures. While it is true that this measure represents a sign of respect for property ownership, its implementation might lead to problems in evaluating the compensation provided to the former owners. On the other hand, the differentiation that was urged at the beginning between the treatment of peasant communities on the coast and those in the mountain area was not basically retained. In other words, owners in the mountain region can also sell their land now, although they will have to fulfill certain somewhat more demanding conditions, such as obtaining the approval of at least two-thirds of those involved. With the passage of this law, it is hoped that a step can be taken toward the development of a market economy in the rural sector. The question now is whether the small and average production areas—which represent a substantial majority of all those in the country—will be strengthened by the increase in modern agricultural production methods. With regard to the ecological protection of the forest areas, the law authorizes the executive branch to determine which such zones at altitudes of less than 600 meters above sea level will be covered by ecological protection measures."

The Inspiration for the Proposal

Manuel D'Ornellas expressed the following view. "It was Congressman Fernando Olivera who turned the debate on the Land Law around on the floor of the Congress. This may have been the first time the current Congress that an opposition legislator has succeeded in winning over the government majority. This might perhaps be the prelude to what could happen in the next parliament—the development that has been the cause of such fear among the government party leaders. On the government party bench, one can observe the survival of Velasco-like thinking, such as that of Carlos Ferrero Costa, who was for a time in that era a Christian Democratic Youth Leader, and as a result supported the initial dictatorship on this issue. His heartfelt advocacy of agrarian reform could not be concealed. On the other had, of course, Olivera was supported by Francisco Tudela of the neogovernmental Renewal movement. Almost all of the arguments advanced for modification of the anachronistic rural control projects—which was absurdly applicable to all of Peru, except the coastal region—came from our editorial articles. It is a satisfaction to see that these ideas are now being taken up by the majority, after 25 years during which agrarian collectivism prevailed, with blind adherence to it by almost all of the political community during that period. The educational work done in recent times, which was initiated by Mario Vargas Llosa, is bearing fruit." (EXPRESO 14 Jul 95)

Why Such Haste?

EL COMERCIO (15 Jul 95) reported as follows. "Without a doubt, as the opposition sectors had indicated, it would have been better for this draft Land Law to be subject to a somewhat calmer debate in the next congress. This is true because—as has been demonstrated—many of the actions pertaining to the development of the land cannot be implemented immediately, but will have to await regulation by other supplementary provisions. Ideally, these provisions should also have been discussed in the course of the legislative debate. What will happen with this constitutional provision that establishes limits and, as it is set forth, is certain to give rise to juridical gaps? Obviously it will fall to the government, and specifically to the next congress, to define these constitutional aspects. For the time being, according to the draft law approved by the CCD [Democratic Constitutuent Congress], it will be the task of the executive branch to make the final determination of the forest zones to be covered by ecological protection measures within a maximum of 60 days. Also, it calls for giving the president of the Republic the authority to grant concessions pertaining to some land in this region, but subject to the environmental projection norms. This establishes a management policy that can be shown to be positive or negative only sometime in the future. In any case, it is hoped it will work to the benefit of the interests of the country."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Press Commentaries

'This Capacity for Dialogue...'

EXPRESO (15 Jul 95) carried the following report. "In the early hours of Friday morning, the Congress approved a law that finally guarantees the right to ownership of farmland, and also recognizes the right of the Andean settlers to individual ownership of their land. This is perhaps the most important act of justice in this century, because it represents the elimination of an ominous kind of discrimination. Historically, it means an advance from the agrarian institutions of the 16th century to those of the 20th century, finally making the productive modernization of the mountain region possible. Deeply rooted ideological taboos have been discarded. As a result, we can predict that within a few years, the Peruvian rural sector will be a landscape very different from what it is at present—a landscape of progress. We must now acknowledge the honesty and accessibility of the President of the Republic Alberto Fujimori, to whom it fell to assume the responsibility for a decision that will have such vast future effects on the history of Peru, and offer our congratulations. He and his parliamentary majority were able to weigh and contemplate the arguments honestly, and even to alter their positions drastically in the course of the debate. This represents a guarantee to the country that its government has this capacity for dialogue and understanding. And it is also necessary to mention the clear, lucid, and responsible position adopted by the greater part of the opposition, which was able to point the way for the majority bench in its own liberal terrain. If the opposition could view the subject of ownership even more clearly than the government itself on the subject of ownership, and if the government was able to listen to what it had to say, the country has been saved. This makes us happy, because it confirms the freedom and the state of law that exist in Peru."

This 'Must Not Be Interrupted'

Manuel D'Ornellas has written as follows (EXPRESO 15 Jul 95): "It is no surprise that the various Marxist groups and what remains of the American Popular Revolutionary Alliance [APRA] membership are trying to mobilize the public against the new agrarian law that does away with limits on ownership of the land. The goal in the battle to be waged will be to cancel out the achievements of the law by making use of the regulations the executive branch must draft within the next 90 days. This is one of the oldest techniques in national politics, frequently used by government after government. A law which has been approved is castrated by the ministerial bureaucrats. In this case, it would not be surprising if this were to happen. The minister of agriculture himself comes from an APRA background. The combination of politically sponsored peasant mobilizations and the ability of the bureaucracy to cancel out legal provisions with cunning regulations makes it necessary that those of us who believe in the benefits of this norm remain alert. This is progress that must not be interrupted."

'Such Arrogance and Dogmatism'

LA REPUBLICA (15 Jul 95) reported as follows. "A single episode during the recent debate on the new Land Law should suffice to bury the government party majority in the worst congress the country can remember. On Wednesday, when the discussion of the issue began, the commission involved presented a report drafted during the weeks of discussion that preceded the debate in plenary session. It was not possible to conclude the debate on Wednesday, and so it was carried over to the evening of the following day. Well, then, during that evening session, Congressman Carlos Torres rose in support of a very different proposal. This surprising postmidnight turnabout reveals a regrettable lack of seriousness on the part of the government party and a stubborn determination to surprise the members of the opposition and the whole of the citizenry with one of the much criticized surprise proposals'—which with no time for study and after only a few hours of discussion, become laws. What the government party majority approved reveals unprecedented ignorance of our historic past, which has been sacrificed on the altar of the fashionable ultraliberal dogmatism. Our history as a republic up to the time the Agrarian Reform Law was promulgated was marked by agrarian rebellions and uprisings. Their origins lay in the concentration of land ownership in the hands of a few and the impoverished situation of our peasants. This past is of no importance to the ultraliberals, for whom the mere idea of establishing limits on the ownership of rural property smacks of heresy. Now all that is lacking is a law that would place in private hands the sources of water, that limited and precious asset that—because of the requirements of the international banking and financial bodies—must be placed in the service of the powerful. What is being sought is the return to power of the minority that for centuries has owned the land and the country. On its return, like the Bourbon dynasty, it will have neither forgotten nor learned anything. Would that this never comes to pass, but we greatly fear that in the future there will have to be reference to 14 July when there is talk of the seeds sown for a new cycle of violence—a cycle that would be avoidable were it not for such arrogance and dogmatism."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Not 'Such Bad News'

Mirko Lauer (LA REPUBLICA 15 Jul 95) has written as follows. "The elimination of the limits on the extent of farm property is nothing more than the final stroke, and more than anything a symbolic one, dealt to an agrarian reform program that began to leak as of the day it was promulgated in 1969. But the key to this failure did not lie in the agrarian reform itself, nor even in the agricultural sector, but in economic policies determined in Lima. The transfer of agricultural land to the peasants beginning in 1969 was already, in general terms, a bad business, and it has continued to be that since then. With reform or without it, it has continued to be cheaper to import than to cultivate. Velasco gave the peasants the land, but not the system of prices and subsidies that keeps agriculture prospering in other countries. The rural sector simply continued to subsidize the cities. Given the current economic conditions, it would seem unlikely that neoliberalism in the rural sector could produce any effect in terms of growth or profitability. Where food crops are concerned, the problem is imports. For agroindustry, the problem is the antiexport slant of an economy that is being remote-controlled from abroad. And so the only remaining problem is the millions of poor people in the Peruvian rural sector. Agrarian reform did not aid them, the Senderist terror made them even more helpless, and the structural adjustments made had the effect, in the end, of plunging them into despair. Suddenly, the news delivered to these desperate people that they may become landowners again does not seem to them to be such bad news."

Unequal 'Competition'

Congressman Carlos Ferrero Costa of the government party, disagreeing with others on his own bench, criticized the elimination of the limits on ownership. He said the measure is designed to create a market in land, but that the sellers and the purchasers are not in equal situations. "Competition in a free market," he said, "presumes that both the sellers and the buyers are on an equal footing. If the market cannot function under these conditions," he warned, "the positive effects foreseen by those who oppose setting limits on landownership sales will not occur." In short, according to this congressman, the peasants would be selling at a disadvantage. "What will happen," he warned, "is that the big owners will buy up the smaller ones. In the mountain region," he asserted, "growth is possible only at the cost of the small landowner."

"Ferrero's apocalyptic theses," Rafael Rey said by way of response, "are similar to those of Hector Cornejo Chavez. We have been told," he noted, "that the concentration of ownership is negative, and we agree. But," he said, "it is not true that if there are no limits, concentration will develop. In other experiments, there have been no limits, and yet there has been no concentration of landownership. This is because productivity does not depend on owning larger areas of land," he said. "I agree with their thesis to the effect that what produces greater productivity is technology. And it is for this reason that there is no reason for the development of a monopoly, particularly when a tax has been imposed." (Most dailies 14 Jul 95)

Unlimited 'Ownership'

On 13 July, the Congress approved the proposed Law on the Constitutional Development of the Lands Included in the Agrarian and Communal System. It provides that there will be no limitations on the ownership of land for agrarian use, and the state guarantees that any person—whether natural or conventional, domestic or foreign—will have free access to ownership thereof. However, there are some restrictions. According to one of them, the executive branch must issue a supreme decree within a maximum of 60 days identifying the first zones to be covered by ecological protective measures. It will have the authority to grant concessions on some of the land in this region, but only subject to environmental protection norms.

The land belonging to the peasant or indigenous communities, the urban zones, and properties established prior to approval of the proposal will not be covered by this provision. The proposal authorizes the executive branch to establish a tax on the ownership of land areas of more than 3,000 hectares. This measure is justified by the need to avoid excesses and to generate resources for the development of agriculture. The peasant and indigenous communities are exempt from this tax requirement. The first of the final stipulations of the approved project provides that the administrative and court suits pertaining to land partly owned by the state, that developed during the process of agrarian reform, be regarded as concluded. The second of the final stipulations also has to do with agrarian reform, providing that the state will guarantee the rights of duly qualified current owners. It also provides that those affected by the expropriation of their land will be entitled to claim payment of the value of the land from the state in terms of compensatory uncultivated land. The proposal says that the constitutional concept of "land" under the agrarian system includes all landed properties. Included among other types of land are those containing forest and wild-animal resources, uncultivated land, the banks and borders of river beds and channels, and in general, any area defined by a legal

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

term that describes ground on Peruvian territory. (Most dailies 14 Jul 95)

Uruguay

Sanguinetti, Argentina's Menem View Mercosur Prospects

PY0108211595 Buenos Aires TELAM in Spanish 2055 GMT 30 Jul 95

[Report by TELAM special correspondent Glauco Ruggieri]

[FBIS Translated Excerpt] Colonia Sacramento, Uruguay, 30 Jul (TELAM) — Argentine President Carlos Menem and his Uruguayan counterpart Julio Maria Sanguinetti today were of one mind about the fact that despite current difficulties, a promising future lies before Mercosur [Common Market of the South] member countries.

Argentine official sources reported that both heads of state analyzed the progress and the future of the regional integration process as well as bilateral issues.

The Argentine and Uruguayan presidents met at "Anchorena" ranch, the presidential residence of the Uruguayan head of state, located 35 km from the city of Colonia del Sacramento.

Menem arrived at the presidential residence at 1235 local time aboard a helicopter. He was accompanied by a small retinue and was received by Sanguinetti, who had arrived at the place half an hour previously.

Against the backdrop of a cold, cloudy, and windy day, and far removed from protocol and formalities, Menem and Sanguinetti strolled around in the garden of the residence for an hour, followed closely by Foreign Ministers Guido Di Tella and Alvaro Ramos.

During his latest trip to Buenos Aires, Sanguinetti had presented Menem with a painting. Now the Argentine president reciprocated by giving his Uruguayan counterpart a leather jacket and pottery.

The two presidents subsequently held a meeting inside the presidential residence and had lunch together with the members of both delegations. The main course was a pasta dish.

According to official sources, Menem and Sanguinetti agreed that despite some current difficulties, "years of plenty lie before the partners of Mercosur," comprising Argentina, Uruguay, Brazil, and Paraguay.

Another subject broached at the meeting was the Mercosur presidential meeting to be held in Asuncion, Paraguay on 5 August.

At this summit meeting, the heads of state of the four member countries will try to reach consensus on future strategies that will ensure the progress of this regional integration initiative and establish Mercosur's objectives for the next five years.

Menem and his Uruguayan colleague also discussed the construction of a bridge to join Buenos Aires and Colonia, which will begin in early 1997 and entail an investment of approximately $1 billion. [passage omitted]

Menem and his entourage returned to the Olivos presidential residence shortly before 1700 local time aboard a helicopter loaned to the president by the Sikorsky company while the presidential helicopter is being overhauled after completing its first 500 hours of flight. [passage omitted]

Venezuela

Paredes: Government Could Modify Economic Plan

PA0208042295 Caracas Venezolana de Television Network in Spanish 0200 GMT 1 Aug 95

[Report by Zaida Pereira, from "The News" newscast]

[FBIS Translated Text] During a presentation of the Ninth Plan for Development of the Nation, Coordination and Planning Minister Edgar Paredes Pizzani said that it is possible that the government could change its policies as a result of talks with the private sector.

[Begin Paredes Pizzani recording] I believe that it is possible to reach the goal of a 4-percent deficit this year. If we continue with the austerity plan and efforts to achieve a fiscal balance, we could attain a balanced budget by 1997. [end recording]

The economic sector will also contribute for the benefit of the country.

[Begin recording] [Jorge Serrano, president of the Venezuelan Federation of Associations and Chambers of Commerce and Industry] The private sector wants the government and the country to know that we are interested in actively participating in whatever is necessary in order to have the economic plan all Venezuelans need.

[Federico Ramirez Leon, president of the Venezuelan Workers Confederation] The Development Ministry has authorized the increase of prices according to the points presented by the businessmen. Nevertheless, nobody is absolutely sure that it was necessary to increase the prices of those articles, because no revision of cost structures has been made. [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Although, there are sectors that believe that the anti-inflation pact is dead, there are others who are optimistic and believe that it can save the country.

Bank President Wants Improvement in Fixed Interest Rates

PA0208030295 Caracas Venezolana de Television Network in Spanish 0200 GMT 1 Aug 95

[Report by Zaida Pereira, from "The News" newscast]

[FBIS Translated Text] Venezuelan Central Bank President Antonio Casas Gonzalez said that the big gap between floating and fixed interest rates has a negative effect on bank deposits.

[Begin Casas recording] We are talking to the banks to persuade them to improve the floating interest rates, because what we want ...[pauses] I meant to say fixed interest rates because the floating rates have increased, but not the fixed rates. We are very interested in seeing an adjustment of the fixed interest rates. [end recording]

Regarding the exchange rate, he stressed that the government wants to maintain it at the current level for the remainder of the year. Nevertheless, the government has seen positive signs at the border where the price of the dollar has been stable for six months, while in the parallel Brady Bonds market, the bolivar has been revaluated. In reference to the international reserves, he noted that they probably have dropped due to poor management in the acquisition of foreign currency. Therefore, although there is flexibility, controls are still necessary.

[Begin Casas recording] Obviously this is something to be followed carefully, and eventually, another decision should be made. For the time being, however, they are stable and that is important. [end recording]

Casas Gonzales added that it is possible that bills for 2,000 and 5,000 bolivares will be issued by September, as there has been a delay at the printing company.

Attorney General on Role, Bank Crisis

95SM0431A Caracas EL DIARIO DE CARACAS in Spanish 25 Jun 95 pp 18-19

[Interview with Attorney General Jesus Petit Da Costa by Vladimir Gessen, Enrique Rondon, Olgalinda Pimentel, and Lina De Amicis in Caracas; date not given]

[FBIS Translated Text] *In a talk with Vladimir Gessen, the editor of EL DIARIO DE CARACAS; Enrique Rondon, the manager of general information; Olgalinda Pimentel, the chief of the political section; and Lina De Amicis, the information manager of Radio Caracas Radio, the attorney general admits that Venezuela's judicial system is designed for impunity and ineffectiveness. He asserts that a trial in absentia is a trial for the rich...that they are going to prison in Miami...And he clarifies that he has no reason to arrest any bankers...because that is the prosecutor's job, with whom he "dances close," just as he does with the comptroller: "We are not stepping on each other's feet; we just bump knees."*

[Rondon] Our guest today is someone who has always been in the public eye, I don't know whether because he has been a trial lawyer or because he is from Falcon. He was born on 13 June 1948, studied law at the Central University of Venezuela, and there met President Caldera, who I am told is an unwavering friend of his. He belonged to Democratic Action [AD], and when AD split, he joined the Movement of the Revolutionary Left [MIR]. Afterwards he belonged to Copei [Social Christian Party], but is said to be more of a Caldera backer than a Social Christian. He has a son, also a lawyer, named Vladimir, who does belong to Copei, carrying a card and everything. He gets his exercise by walking; I don't know whether he would call himself a walker or a wayfarer, but in any event he walks. He has been a professor of labor law and commercial law, was a magistrate on the Council of the Judicature, an alternate magistrate on the Supreme Court, and president of the Bar Association. He has an office, like all attorneys, but since 15 April of last year, he has had only one client, the federal government. With us today is the attorney general of the republic, Jesus Petit Da Costa.

[Da Costa] Thank you very much, and let me just make one small correction in the political curriculum vitae that you have given. I was never really a member of Copei. Owing to my ties to President Caldera, I was very close to Copei, I collaborated with Copei—but I never registered in the party or was a leader. This is important to point out, because one aparently has to be very accurate and very clear about these things. Now then, my son...my wife has belonged to Copei since...I assume now that they have sidelined her too, because they no doubt crossed her off along with President Caldera, and my son is a Copei leader. Having made this clarification, so that your introduction is more accurate, let's hear the question.

The Miami Prison

[Pimentel] Well, we have several questions, doctor, but let us say that one of them has to do with a promise that you made just after taking over as attorney general. You ordered an inventory of the lawsuits against the federal government, because at the time it was not keeping track of the suits. I would like to know whether you have the numbers ready and whether your idea of recovering

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

more than 30 billion bolivars for the nation has been carried out.

[Da Costa] Well, look, as far as the first part, the trial inventory, is concerned, we did begin doing it and encountered a lot of trouble, as the public agencies themselves do not know how many lawsuits they are involved in. The most recent review that we did indicated about 14,000 lawsuits against the federal government. We are not talking about the ones in which the federal government is the plaintiff, of which there are very few, and now is when the federal government is starting to sue.

[Rondon] Doctor, so this is why you are said to have said (you'll tell me whether you said it and whether you agree with it) that the Venezuelan judicial system is designed for impunity and ineffectiveness.

[Da Costa] True.

[Rondon] The entire system: commercial, civil, criminal...

[Da Costa] All of it. I can tell you that with full knowledge of the facts. I have been a judge, I have been a magistrate, both an alternate on the court and on the Council of the Judicature, I know the Judiciary from the inside, but I have also been a trial lawyer all my life, so I know the Judiciary from the outside too. This is why I can say all that to you.

[De Amicis] Mr. Attorney General, the situation in banking, the financial crisis, is still with us. In the people's eyes, here is a trial or a crime without a criminal, or where the criminals are not to be seen. There are some assets that could cover certain losses from the crime, but they are not being cashed in either, or are not being recovered, or are not being distributed, and the situation remains one of instability, doubt, not knowing what is happening and what is going to happen. There is an extradition treaty with the United States for crimes of corruption, and yet the guilty, many of whom we know to be in the Miami prison, continue to enjoy the comforts of this prison. What is the government doing to put an end to this?

[Da Costa] Well, I share this concern, unquestionably. I am going to give you a political background analysis. The country has undergone a sweeping change, the magnitude of which people have not yet gauged. If you look through the papers and see clips from TV news programs in 1992 and 1993, you will see, for example, Alvarez Stelling, Gomez Lopez, Bouza Izquierdo, Orlando Castro, Carlos Andres Perez, and all of those people pontificating. They were the pontificators of Venezuelan society back then. Now, whoever among those people is not in jail is a fugitive. This is an immense revolution without gunshots...That is one aspect. Of course we still have several unresolved matters, as the Spaniards like to say when they talk politics. One that worries me greatly is the definitive transfer of all bank assets to Fogade [Deposit Guarantee and Bank Protection Fund]. It worries me greatly because I have been an advocate of this from the very beginning, ever since I realized that Fogade had made the huge mistake of not documenting the transfer of assets—as a result of which the bankers supposedly handed over some assets to Fogade a year ago, and the assets still do not belong to Fogade today. We are making an effort to document this, but there are always objections. I hope that this very week we can make the first transfers, which are from Bancor. This is one pending matter. The other one is to sell these assets immediately. The country needs to get some money back. So we have the pending matter of an immediate auction. For a year now these assets have not been transferred and, therefore, cannot be sold; so, they are causing losses for the country, both in maintenance costs and in the wear and tear they are undergoing.

[De Amicis] There can't be a trial in absentia in this case, can there?

[Do Costa] No, but a trial in absentia refers to a trial in Venezuela. The trial in absentia is a joke, a joke that the constitution has to get rid of in the future. It's a ruse. A trial in absentia is a trial for the rich. There are two kinds of justice: one for the people who are indicted and then head off to the Miami prison, as you put it; and the other for those who go to Catia prison. Such justice is not becoming to a democratic country.

Is the Attorney General at War?

[Rondon] I would like to ask a question or voice a concern. Everything that you are talking about, the Office of the Attorney General cannot do alone. It needs the support of the Prosecutor's Office and the Comptroller's Office, and apparently the Prosecutor's Office is not dancing to the same tune as the Office of the Attorney General. What do you think about this?

[Da Costa] No, no, first let's clarify things. It is very important to clarify—because people, especially now, are looking at the Ruiz Massieu and Colosio affairs—that the Office of the Attorney General of the Republic in Mexico and Colombia deals with the criminal branch. But it does not in Venezuela. This needs to be clarified all the time, because I am asked to arrest people, and I have no reason to arrest any bankers, because I have no penal authority.

[Gessen] And Oswaldo Alvarez Paz recently said on a TV program that you had had no one arrested in a year and a half...

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Da Costa] Well, that is ignorance, exactly. Maybe he forgets his law books. The Constitution of 61 separated the Office of the Attorney General and the Prosecutor's Office. The attorney general used to be a prosecutor and ran the Public Prosecutor's Office, but afterwards that was split off. The only thing that the attorney general does, the attorney general's role, is to represent the government in civil, commercial, labor, and transit-related suits...everything except criminal trials, and to advise the administration, the Executive Branch. So when I am asked to do things, to bring in prisoners, to extradite, people are making a mistake. That is up to the prosecutor; that is the prosecutor's job. We are involved in this, of course. Now then, when I talk about penalties, I am saying that I am going to file for criminal action; I file for it with the prosecutor. When I talk about penalties, I have always said that the worst punishment for the people who like money and have stolen it is to take it away from them. But so that this business of our dancing to a different tune is not left hanging, I will tell you this: the prosecutor, the comptroller, and I have been dancing "close," to put it colloquially. What happens is that from time to time someone loses the beat, which happens to the best of dancers. We are not stepping on each other's feet; we just bump knees.

[Gessen] You have gotten along well with the prosecutor, but there is one thing that strikes me. The Office of the Attorney General was always a very calm institution. On the other hand, you have been a Supreme Court justice and a magistrate on the Council of the Judicature. We always saw you as very composed, and then suddenly as attorney general you get all worked up and fight with Paulina Gamus and Oswaldo Paz Alvarez. Right here on this program we can see another side of the person whom we used to see as so composed. We see you doing a lot of fighting. To what is this due? Is the Office of the Attorney General at war or is the attorney general at war?

[Da Costa] In the first place, I have not fought with either Paulina Gamus or Alvarez Paz.

[Gessen] Well, they have with you, then.

[Da Costa] Ah, well! That is different; but in order to have a fight, both people have to want to fight. You can fire away, but if I don't pay attention, that's it. You can see that I do not react to any of these attacks. Now, don't forget something: The attorney general is the republic's attorney; the republic's attorney means a trial lawyer, and a trial lawyer by definition defends his cause with passion and zeal.

The Stumbling Block

[De Amicis] One issue right now is the Financial Emergency Law. It seems to be the stumbling block, among other things, to the restoration of guarantees. And one of the stumbling blocks to the approval of or to an agreement on this Financial Emergency Law seems to be the power that could be granted to the Office of the Attorney General of the Republic to bring legal action. Would this have to do with the particular opposition or the particular strength that the Office of the Attorney General of the Republic has had in times like these?

[Da Costa] I think so. I think that unfortunately the problem has been approached from the political angle, as if I were interested in the limelight or in using the Office of the Attorney General as a springboard to other jobs. So then, there is a mistake here, and I pointed it out from the beginning. I said: "Look, gentlemen, I have discharged the functions that I have discharged, the ones called takeovers and expropriations, because the president of the republic had no one else to turn to. When he issued Decree 278, he offered it to the Financial Emergency Board, and it backed down. So, not finding anyone else to turn to, he asked the attorney general: 'Mr. Attorney General, are you willing to do this?' And the attorney general said: 'I have no problem with it.' Later, when Decree 383 came up to finish off this work, a decree they called the expropriation decree, its purpose was so that Fogade could clean up its portfolio, solve its problem with assets, and transfer them that way. And then Fogade backed down."

[Gessen] But why is it being said that the law has to be amended to justify some outrages which the Office of the Attorney General of the Republic may have committed and that if this law is not passed, the attorney general might even be sued some day?

[Da Costa] Let's get one thing straight first off. The Office of the Attorney General of the Republic has not committed any outrages. There is talk of outrages, but as a matter of fact you know that generalizing like this smacks of "Poliedro [expansion not given]," as people say. Tell me what the specific outrage is. Because if the outrage is the decree, I didn't sign it; the president and his ministers signed it. The attorney general does not sign decrees. And if the outrage is that the decree is regarded as unconstitutional—well, the president and his ministers signed it. What the attorney general is doing is complying with a decree, actually not one but two or three decrees. So where is the outrage? You speak of an outrage, but what specifically? Describe it so that we can discuss the problem, because it is very easy to generalize. And secondly, I am not going around looking for a cloak of impunity.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Gessen] I am pointing out what Paulina Gamus and Alvarez Paz pointed out.

[Rondon] Doctor, this coming Tuesday, 48 hours away, will mark the first anniversary of the suspension of guarantees and I don't know what anniversary of the suspension of economic guarantees. As long as this situation continues, it is highly unlikely that anyone will dare invest, and it is very hard to encourage foreign investment. For how much longer are the guarantees going to be suspended, and what is the bottom line on your track record as attorney general during this year of suspended guarantees, if even Lusinchi got away?

[Da Costa] Well, let's divide up the issue. First of all, that is untrue. I want to say this and I am going to say this quite clearly. It is untrue that a country's economic development and foreign investment depend on whether economic guarantees are suspended or not. I will demonstrate this to you. General Medina Angarita suspended economic liberties around 1940 or so, and those liberties were suspended until 1989—for more than 40 years. Those 40 years were precisely the ones of greatest prosperity in the country and the most foreign investment. During that time we had investment from Creole, Shell, Mene Grande, and Orinoco Mining, so that is a lie.

A Thoughtful but Intense Man...

[Gessen] Well, we are touching on issues that have to do with your character. Are you really as quarrelsome as you seem to be in public life in recent times?

[Da Costa] I am not quarrelsome. I am a man who takes clear-cut positions, which is very different. If you note carefully, I do not attack, I do not bully. I am a fair-minded, thoughtful, but intense man. All my life I have defended my ideas, my positions enthusiastically, but I am also rather given to conciliation...So I am not quarrelsome...I don't know whether I've conveyed that impression. Good God! What I am is a profoundly defensive person. I have been a man who takes categorical stands. I do not deny that I take categorical stands and that my personality is that way, but I am not deceitful or two-faced.

[Rondon] I can tell you that when you become intense, the veins in your forehead bulge...What would Jesus Petit Da Costa do if the president, for whatever reasons, decided to dissolve Congress? What would your position be?

[Da Costa] Don't put me in that position. No, just don't put me in that position! I am not a psychic, and after all the president has understandably ruled out the possibility. He is a constitutionalist who is very devoted to the law. So, you're talking about a hypothetical situation that I would have to rule out in advance...

[Box, p 18]

[Pimentel] Are you going to be a candidate, Mr. Attorney General? Are you going to run for president? Do you plan to?

[Da Costa] No! No! First of all, in order to run for president in this country, you have to be on good terms with the people who are going to finance your campaign, and if you look closely, I am on bad terms precisely with the people who could finance my campaign. So, the first thing is to be on good terms with the fugitives, so that they could finance my campaign, but I am on bad terms with them.

[Gessen] So that would mean that President Caldera got financing from the people who you...

[Da Costa] No, no, that's different! President Caldera was a very well-known man in the country. He had a track record, and with that track record he was able to withstand that whole confrontation like a rock. Unfortunately, I do not have the robust image of years of struggle that President Caldera does. But there is another factor preventing me from running: I do not have a political machine.

[Gessen] Convergence?

[Da Costa] Well, but that is not my political machine. I do not have a political machine.

[Gessen] Whose machine is it then? Juan Jose Caldera's?

[Da Costa] Its leaders'. What I am saying is that I do not have a political machine, and I am not setting one up either.

[Gessen] A quick little question. How does your son, Vladimir Petit, who belongs to Copei, get along with you? There is so much difference between Convergence, the government, and Copei! He agrees, for example, with what Oswaldo Alvarez Paz says. He has to; that is Copei, and Oswaldo is predominant in Copei. So then, is he at odds with his father?

[Da Costa] No, let's understand each other on one thing. First of all, the relationship between me and my son is the relationship between every father and son; there are troubled relations and troubled moments. I had a lot of conflicts with my father. My father was a founder of Copei at a time when I was very much apart from all that. So then, a relationship between father and son always has its ups and downs. Nonetheless, we have

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

always remained fond of each other, keeping the father-son relationship at a level of respect. He has maintained his position, and I respect his personality. Now then, as for Alvarez Paz' latest move, there are Copei members and there are Copei members, and my son has always been, as far as I know, an internal adversary of Alvarez Paz. They have never been in agreement, and what is more, I do not think that they get along personally. It is my understanding that my son has always been an Eduardo man, and the Eduardo men are not backers of Alvarez Paz.

[Gessen] So, the Petits concur in their dislike for Oswaldo.

[Da Costa] Let him do the talking for himself. I do not speak for my son. I speak for myself.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.